



Reprinted  
April 5, 2005

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## ENGROSSED SENATE BILL No. 496

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DIGEST OF SB 496 (Updated April 4, 2005 7:19 pm - DI 92)

**Citations Affected:** IC 2-2.1; IC 4-10; IC 4-12; IC 4-33; IC 5-1; IC 5-3; IC 6-1.1; IC 6-1.5; IC 6-3.1; IC 6-3.5; IC 20-14; IC 36-1; IC 36-7; noncode.

**Synopsis:** Taxation and bonding. Revises the formula for determining the state spending cap to be 99% of available general revenue. Voids general appropriations whenever total appropriations exceed 99% of available general revenue. Voids the appropriations made by a major budget bill whenever the bill or its conference committee report fails to include certain disclosures concerning the amount of spending being proposed by the general assembly. Requires the budget agency to prepare a revenue forecast. Repeals the current laws concerning the state spending growth quotient. Provides that the amount deposited in the counter-cyclical revenue and economic stabilization fund is calculated on the general fund revenue deposited in the state general fund or the property tax replacement fund. Allows money in the counter-cyclical revenue and economic stabilization fund to be transferred to the property tax replacement fund under certain circumstances. Increases the maximum amount that may be retained in the counter-cyclical revenue and economic stabilization fund from 7% to 10% of total state general fund revenues. Authorizes the use of  
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**Effective:** March 30, 2004 (retroactive); January 1, 2005 (retroactive); March 31, 2005 (retroactive); upon passage; June 15, 2005; July 1, 2005; January 1, 2006.

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**Kenley, Simpson, Lubbers, Hume**  
(HOUSE SPONSORS — ESPICH, CRAWFORD)

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January 18, 2005, read first time and referred to Committee on Tax and Fiscal Policy.  
February 10, 2005, amended, reported favorably — Do Pass.  
February 22, 2005, read second time, amended, ordered engrossed.  
February 23, 2005, engrossed.  
February 28, 2005, read third time, passed. Yeas 44, nays 4.

HOUSE ACTION

March 8, 2005, read first time and referred to Committee on Ways and Means.  
March 31, 2005, amended, reported — Do Pass.  
April 4, 2005, read second time, amended, ordered engrossed.

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various revenues associated with riverboat gaming to reduce a unit's levy for a particular year without reducing the unit's maximum levy. Standardizes the provisions authorizing the use of riverboat gaming revenue for property tax relief. Delays for one year the annual adjustment of the assessed value of real property. Excludes from the levy excess of a civil taxing unit or school corporation current collections of delinquent property taxes that were first due and payable after 2003. For property taxes first due and payable in 2006, authorizes a civil taxing unit to adopt a resolution or an ordinance to set the civil taxing unit's maximum property tax levy for property taxes first due and payable in 2006 at the amount that would have applied for taxes payable in 2005 if the 2004 change had not been enacted that eliminated unused maximum levy capacity from the determination of the next year's maximum levy. Adds the restored levy capacity to the unit's previous year's levy to establish the unit's maximum levy in 2007 and thereafter. Limits a civil taxing unit to the use of 1/3 of the maximum levy capacity in a particular year. Establishes additional criteria for DLGF approval of bonds and leases. Requires political subdivisions to report certain information concerning new bond issues and leases to the DLGF and to make annual reports to DLGF concerning outstanding bonds and leases. Requires DLGF to compile information from the reports in a data base and to post information from the reports on the Internet. Restores a requirement that school corporations publish an annual financial report. Requires, for a public library whose board is not comprised of a majority of elected members, operating budget and tax levy review by the fiscal body of the municipality, township, or county in which the library is located if the library proposes a levy increase of more than 5%. Extends until June 1, 2005, the time in which an ordinance may be adopted in a county to provide: (1) a property tax deduction for inventory assessed in 2005; and (2) a homestead credit funded from county economic development income tax revenues to eliminate the effects of the inventory deduction on homesteads. Provides that if the county auditor determines in an appeal of a property assessment that the assessed value of the items appealed constitutes at least 1% of a taxing unit's total assessed value for the preceding year: (1) the county auditor must provide notice to the affected taxing unit; and (2) the affected taxing unit, although not a party to the appeal, may participate in the hearing. Requires DLGF to prepare and post on the Internet an annual report on the each political subdivision's per capita spending. Establishes, subject to approval by the county fiscal body, a credit for property taxes on a homestead in the amount by which the taxes exceed 2% of the assessed value of the homestead. Authorizes the county to borrow money to fund the credit, subject to repayment over not more than five years by the county and political subdivisions in the county. Allows the deferral of any part of the property taxes that: (1) exceed a minimum required payment; and (2) are imposed on the residence of an individual who qualifies for the age 65 and over property tax deduction or the blind or disabled property tax deduction (or the individual's surviving spouse). Provides that the part of the money received from certain property tax settlements that is attributable to taxes imposed by a political subdivision may be used to provide property tax credits in the political subdivision to taxpayers other than taxpayers that paid the settlement. Limits a taxpayer from using more than one state tax liability credit for the same project. Authorizes the economic development corporation to determine the amount of local incentives required for approval of an EDGE credit for job retention. Provides that the unused portion of an EDGE credit is not refundable but may be carried over for two years. Extends the \$5,000,000 statewide annual cap on EDGE credits for job retention through the 2006 and 2007 state fiscal years. Requires an applicant for an EDGE credit to agree to maintain operations for at least two years after the last year in which a credit or carryover is

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claimed (instead of a period twice as long as the term of the tax credit). Requires consideration of the extent to which the granting of an EDGE credit would reduce the amount available to fund the purposes of a community revitalization enhancement district (CRED) or certified technology park (CTP). Changes the amount of the Hoosier business investment tax credit from 30% to 10% of the qualified investment and deletes the provision stating that the amount of the credit claimed in a taxable year may not exceed the lesser of the taxpayer's state tax liability growth or 30% of the qualified investment. Repeals the definition of state tax liability growth. Deletes the requirement that an applicant for the credit must have conducted business in Indiana for at least one year before the date of the application. Provides that the credit may be carried over for a maximum of five years (instead of nine years). Reduces the income tax incremental amount that the state is required to pay to a CRED or CTP by the amount of the economic development for a growing economy tax credits granted to businesses operating in the CRED or CTP. Allows a taxpayer to carry over an unused CRED tax credit for only nine taxable years. Establishes the state new markets tax credit for a taxpayer that qualifies for a federal new markets tax credit. Defines gross retail incremental amount and income tax incremental amount in the law governing CTP's. Provides reporting standards for a business in a CRED. Requires notice to be given to taxing units affected by the creation of a CRED or professional sports development area.

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Reprinted  
April 5, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

## ENGROSSED SENATE BILL No. 496

A BILL FOR AN ACT to amend the Indiana Code concerning  
taxation.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE AS
- 2 A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY
- 3 1, 2005]:
- 4 **Chapter 4. Budget Bills**
- 5 **Sec. 1. As used in this chapter, "general appropriation" refers**
- 6 **to an appropriation described in section 10 of this chapter.**
- 7 **Sec. 2. Except as provided in sections 4 and 5 of this chapter, all**
- 8 **of the general appropriations enacted by the general assembly for**
- 9 **a state fiscal year, including appropriations for a state fiscal year**
- 10 **made by a continuing appropriation enacted in any law, are void**
- 11 **if the total of the general appropriations for the state fiscal year**
- 12 **exceeds ninety-nine percent (99%) of the state revenue that the**
- 13 **budget agency estimates under section 6 of this chapter will be**
- 14 **available in the state fiscal year to pay for the appropriations. This**
- 15 **section applies to all the general appropriations enacted for a state**
- 16 **fiscal year regardless of whether the appropriations were enacted**
- 17 **in the same bill or in the same session of the general assembly.**

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1       **Sec. 3. The general appropriations enacted in a budget bill (as**  
 2 **defined in IC 4-12-1-2) are void if:**

3       **(1) the bill includes appropriations for a state fiscal year,**  
 4 **including increases in the appropriations for a state fiscal**  
 5 **year, that total at least one hundred million dollars**  
 6 **(\$100,000,000); and**

7       **(2) the last version of the bill available to and voted on by each**  
 8 **legislator or, if a later conference committee report was**  
 9 **adopted for the bill, the last conference committee report**  
 10 **available to and adopted by each legislator does not include**  
 11 **the following information on the first or second page of the**  
 12 **bill or in the bill's digest or synopsis:**

13       **(A) A materially accurate and complete explanation**  
 14 **indicating the dollar amount of the surplus or deficit**  
 15 **resulting from subtracting the total of all general**  
 16 **appropriations made for each state fiscal year affected by**  
 17 **the bill or the bill's conference committee report from the**  
 18 **estimate of state revenue for that state fiscal year.**

19       **(B) A materially accurate and complete explanation**  
 20 **indicating the percentage of the state revenue for each**  
 21 **state fiscal year affected by the bill or the bill's conference**  
 22 **committee report that is appropriated for general**  
 23 **appropriations payable in that state fiscal year.**

24       **Sec. 4. Sections 2 and 3 of this chapter do not void an**  
 25 **appropriation for a purpose described in IC 4-10-15 for which**  
 26 **expenditures may be made without the enactment of an**  
 27 **appropriation.**

28       **Sec. 5. (a) An appropriation that otherwise must be considered**  
 29 **in complying with section 2 or 3 of this chapter shall be excluded**  
 30 **from all computations related to determining compliance with**  
 31 **section 2 or 3 of this chapter only if:**

32       **(1) the general assembly, in a regular session, authorizes an**  
 33 **emergency appropriation by enacting a supplemental**  
 34 **appropriations act that contains all the statements described**  
 35 **in subsection (b); and**

36       **(2) the act is approved by a two-thirds (2/3) majority of the**  
 37 **house of representatives and a two-thirds (2/3) majority of the**  
 38 **senate.**

39       **(b) To satisfy subsection (a)(1), an act must contain the**  
 40 **following:**

41       **(1) A statement describing which appropriations in the act are**  
 42 **excluded from the application of sections 2 and 3 of this**

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chapter.

(2) A description of the additional amount of emergency appropriations and an explanation of the specific circumstances that created the need for a supplemental appropriation.

Sec. 6. (a) For each state fiscal year, the budget agency shall compute an estimate of state revenue using the formula established in section 7 of this chapter. An estimate for the two (2) years of a biennial budget period shall be computed before December 31 of the even-numbered year immediately preceding the beginning of each budget period. The first estimate required under this subsection is the estimate for the budget period beginning July 1, 2007, which shall be computed before December 31, 2006.

(b) For the second state fiscal year in a budget period, the budget agency shall revise the estimate of state revenue using the formula established in section 7 of this chapter. The revision of the estimate for the second year of a budget period shall be prepared before December 31 of the odd-numbered year immediately preceding the second state fiscal year in the budget period. The first revision required under this subsection is the revision for the second year of the budget period beginning July 1, 2007, which shall be computed before December 31, 2007.

(c) The budget agency may revise an estimate calculated under subsection (a) or a revised estimate calculated under subsection (b) after the estimate is distributed. A revision under this subsection must be prepared not later than fifteen (15) days before either chamber of the general assembly adjourns a session sine die.

(d) The last estimate computed under this section and distributed under section 8 of this chapter before the adjournment of a session sine die applies to all appropriations enacted before the end of that session.

(e) The last estimate computed under this section and distributed under section 8 of this chapter before a version of a bill or a later conference committee report for a bill is printed applies to all appropriations affected by that version of a bill or a bill's conference committee report.

Sec. 7. The estimated state revenue for a state fiscal year is the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the general revenues available for the state fiscal year, which is equal to the estimated revenues from all sources that are:

(A) forecast by the revenue forecast technical committee to

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be received in the immediately following budget period;  
and

(B) required by law to be deposited in the state general  
fund or the property tax replacement fund;

including revenues from gross retail taxes, utility receipts  
taxes, adjusted gross income taxes, cigarette taxes, taxes on  
alcoholic beverages, riverboat wagering taxes, riverboat  
admissions taxes, inheritance taxes, insurance premium taxes,  
financial institution taxes, interest, and other miscellaneous  
income other than revenues described in section 10 STEP  
TWO of this chapter.

STEP TWO: Determine the total of net adjustments to be  
made to the general revenues for the state fiscal year, which  
is the amount determined under clause (I) of the following  
formula:

(A) Determine the disproportionate share and enhanced  
disproportionate share revenues that will be received by  
the state in the state fiscal year.

(B) Determine the interfund transfers to be made from the  
build Indiana fund to the state general fund or the  
property tax replacement fund in the state fiscal year.

(C) Determine the interfund transfers to be made from the  
counter-cyclical revenue and economic stabilization fund  
to the state general fund or the property tax replacement  
fund in the state fiscal year.

(D) Determine the sum of the amounts determined under  
clauses (A) through (C).

(E) Determine the interfund transfers to be made from the  
state general fund or the property tax replacement fund to  
the build Indiana fund in the state fiscal year.

(F) Determine the interfund transfers to be made from the  
state general fund or the property tax replacement fund to  
the counter-cyclical revenue and economic stabilization  
fund in the state fiscal year.

(G) Determine the amount included in the amount  
determined under STEP ONE that results from any of the  
following:

(i) An extraordinary nonrecurring transfer into the state  
general fund or the property tax replacement fund from  
a source other than the state general fund or the  
property tax replacement fund. For purposes of this  
item, generally accepted accounting principles apply in

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determining whether a transfer qualifies as extraordinary.

(ii) A distribution from the federal government that may be expended without an appropriation by the general assembly, other than a distribution described in clause (A).

(H) Determine the sum of the amounts determined under clauses (E) through (G).

(I) Subtract the amount determined under clause (H) from the amount determined under clause (D).

**STEP THREE: If:**

(A) the STEP TWO amount is zero dollars (\$0), the estimated state revenues for the state fiscal year is the STEP ONE amount;

(B) the STEP TWO amount is greater than zero dollars (\$0), the estimated state revenues for the state fiscal year is the sum of the STEP ONE amount and the STEP TWO amount; and

(C) the STEP TWO amount is less than zero dollars (\$0), the estimated state revenues for the state fiscal year is the result of the STEP ONE amount minus the absolute value of the STEP TWO amount.

**Sec. 8. (a)** Not earlier than December 1 and not later than the first session day of the general assembly after December 31 of each even-numbered year, the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The estimated state revenue for each of the state fiscal years in the immediately following biennial budget period.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the estimates of state revenue described in subdivision (1) were determined.

**(b)** Not earlier than December 1 and not later than the first session day of the general assembly after December 31 in each odd-numbered year, the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The estimated state revenue for the second state fiscal year in the current budget period.

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(2) The supporting data and calculations necessary for a person to independently verify the manner in which the estimate of state revenue described in subdivision (1) was determined.

(c) Not later than three (3) days (including Saturday, Sunday, or any holiday) after the budget agency revises an estimate of state revenue distributed under subsection (a) or (b), the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The revised estimated state revenue for the state fiscal years affected by the report.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the revised estimates of state revenue described in subdivision (1) were determined.

**Sec. 9. (a)** The budget agency shall compute the dollar amount of the total of general appropriations from the state general fund and the property tax replacement fund for each state fiscal year for which an appropriation is made or being considered:

(1) each time that a bill or a bill's conference committee report described in section 3 of this chapter is being considered for final action by the house of representatives or the senate; and

(2) not later than thirty (30) days after the adjournment sine die of a session of the general assembly.

(b) While the general assembly is in session, reports, submitted in an electronic format under IC 5-14-6, containing at least the total dollar amount of general appropriations must be delivered to the executive director of the legislative services agency in a format and on a schedule that allows bills and conference committee reports described in section 3 of this chapter to be printed without delay with the information required under that section.

(c) Not later than thirty-five (35) days after a session of the general assembly adjourns sine die, a report, submitted in an electronic format under IC 5-14-6, containing at least the total dollar amount of general appropriations must be delivered to the executive director of the legislative services agency. A report required by this subsection must be delivered not later than five (5) regular business days after it is computed.

**Sec. 10.** The total of general appropriations from the state general fund and the property tax replacement fund for a state

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fiscal year is equal to the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the total amount that is authorized by appropriation for payment or transfer from the state general fund or the property tax replacement fund in the state fiscal year, regardless of the bill or session in which the appropriation is or is to be enacted.

**STEP TWO:** Determine the total amount included in the STEP ONE amount that is appropriated from the state general fund or the property tax replacement fund for:

(A) settlements and judgments;

(B) transfers between accounts in the state general fund, accounts in the property tax replacement fund, or the state general fund and the property tax replacement fund;

(C) the distribution of tax refunds or refundable tax credits; or

(D) any purpose to the extent that money described in section 7, STEP TWO (G)(ii) of this chapter (distribution from the federal government that may be expended without an appropriation) is to fund the appropriation.

**STEP THREE:** Subtract the STEP TWO amount from the STEP ONE amount.

**Sec. 11. (a)** The part of an appropriation that is an open ended appropriation exceeding a specific amount appropriated for a purpose is not to be considered in computing general appropriations under section 10 of this chapter.

**(b)** For purposes of section 10 of this chapter, a descriptive appropriation that does not authorize a specific amount for expenditure in a state fiscal year is to be estimated as the maximum amount that the budget agency estimates may be expended in the period for which the appropriation is made for purposes of the appropriation. For purposes of section 10 of this chapter, if the appropriation is made for a period exceeding one (1) state fiscal year and less than eleven (11) state fiscal years, the maximum allowable appropriation shall be apportioned among the state fiscal years by the same percentage. If the appropriation is made for more than ten (10) state fiscal years, the maximum allowable appropriation shall be apportioned by the same percentage over the initial ten (10) state fiscal years.

**(c)** For purposes of section 10 of this chapter, if an appropriation of a specific amount is made for a period exceeding one (1) state fiscal year, fifty percent (50%) of the appropriated

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amount is to be allocated as a general appropriation for each state fiscal year in a budget period.

(d) For purposes of section 10 of this chapter, language that only authorizes a person to issue bonds, enter into a loan agreement, enter into a lease, or enter into another agreement shall not be treated as an appropriation unless the general assembly otherwise appropriates money to pay for or to repay the authorized obligations.

(e) For purposes of complying with section 3 of this chapter but not section 2 of this chapter, only appropriations that:

- (1) have been enacted into law;
- (2) are contained in a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed;
- (3) were previously passed by both houses of the general assembly in the same session as a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed; or
- (4) are contained in any other bill that by rule of the house of representatives or the senate must be considered in complying with section 3 of this chapter;

shall be considered in computing the total of general appropriations under section 10 of this chapter.

SECTION 2. IC 4-10-18-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 1. As used in this chapter:

"Adjusted personal income" for a particular calendar year means the adjusted state personal income for that year as determined under section 3(b) of this chapter.

"Annual growth rate" for a particular calendar year means the percentage change in adjusted personal income for the particular calendar year as determined under section 3(c) of this chapter.

"Budget director" refers to the director of the budget agency established under IC 4-12-1.

"Costs" means the cost of construction, equipment, land, property rights (including leasehold interests), easements, franchises, leases, financing charges, interest costs during and for a reasonable period after construction, architectural, engineering, legal, and other consulting or advisory services, plans, specifications, surveys, cost estimates, and other costs or expenses necessary or incident to the acquisition, development, construction, financing, and operating of an economic growth initiative.

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"Current calendar year" means a calendar year during which a transfer to or from the fund is initially determined under sections 4 and 5 of this chapter.

"Economic growth initiative" means:

- (1) the construction, extension, or completion of sewerlines, waterlines, streets, sidewalks, bridges, roads, highways, public ways, and any other infrastructure improvements;
- (2) the leasing or purchase of land and any site improvements to land;
- (3) the construction, leasing, or purchase of buildings or other structures;
- (4) the rehabilitation, renovation, or enlargement of buildings or other structures;
- (5) the leasing or purchase of machinery, equipment, or furnishings; or
- (6) the training or retraining of employees whose jobs will be created or retained as a result of the initiative.

"Fund" means the counter-cyclical revenue and economic stabilization fund established under this chapter.

"General fund revenue" means all general purpose tax revenue and other unrestricted general purpose revenue of the state, including federal revenue sharing monies, credited to the:

- (1) state general fund; or
- (2) **property tax replacement fund;**

and from which appropriations may be made. The term "general fund revenue" does not include revenue held in the reserve for tuition support under IC 4-12-1-12.

"Implicit price deflator for the gross national product" means the implicit price deflator for the gross national product, or its closest equivalent, which is available from the United States Bureau of Economic Analysis.

"Political subdivision" has the meaning set forth in IC 36-1-2-13.

"Qualified economic growth initiative" means an economic growth initiative that is:

- (1) proposed by or on behalf of a political subdivision to promote economic growth, including the creation or retention of jobs or the infrastructure necessary to create or retain jobs;
- (2) supported by a financing plan by or on behalf of the political subdivision in an amount at least equal to the proposed amount of the grant under section 15 of this chapter; and
- (3) estimated to cost not less than twelve million five hundred thousand dollars (\$12,500,000).

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"State personal income" means state personal income as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

"Total state general fund revenue" for a particular state fiscal year means the amount of that revenue for the particular state fiscal year as finally determined by the auditor of state.

"Transfer payments" means transfer payments as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

SECTION 3. IC 4-10-18-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) If the annual growth rate for the calendar year preceding the current calendar year exceeds two percent (2%), there is appropriated to the fund from the state general fund, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

(1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by

(2) the remainder of:

(A) the annual growth rate for the calendar year preceding the current calendar year; minus

(B) two percent (2%).

(b) If the annual growth rate for the calendar year immediately preceding the current calendar year is less than a negative two percent (-2%), there is appropriated from the fund to the state general fund **and the property tax replacement fund**, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

(1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by

(2) negative one (-1); and further multiplied by

(3) the remainder of:

(A) the annual growth rate for the calendar year preceding the current calendar year; minus

(B) negative two percent (-2%).

**The amount appropriated to each fund is proportional to the amount needed to balance each fund as described in section 9 of this chapter.**

SECTION 4. IC 4-10-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) As soon as the auditor of state makes a final determination of the amount of total state general fund revenues for a particular state fiscal year, ~~he~~ **the auditor** shall certify that amount to the budget director.

(b) As soon as possible after receiving the certification from the

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auditor of state under subsection (a), the budget director shall determine the amount, if any, that is appropriated into or out of the fund under section 4 of this chapter. If an appropriation is made into the fund under section 4 of this chapter, the budget director shall immediately certify that amount to the treasurer of state. If an appropriation is made out of the fund under section 4 of this chapter, the budget director shall certify to the treasurer of state an amount equal to the part of the appropriation, if any, by which the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for the state fiscal year for which the appropriation is made, exceeds the budget director's estimate of the total general fund revenues for that same state fiscal year. The budget director shall make the certification or certifications of money to be transferred out of the fund at the time or times that ~~he~~ **the budget director** determines the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** would exceed the total estimated state general fund revenues.

(c) Immediately upon receiving a certification from the budget director under subsection (b), the auditor of state and treasurer of state shall make the appropriate transfer into or out of the fund.

(d) Any amount, which is appropriated out of the fund under section 4 of this chapter, but which has not been transferred out of the fund under this section at the end of the state fiscal year for which the appropriation is made, shall revert to the fund.

SECTION 5. IC 4-10-18-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 8. (a) Except as provided in subsection (b), if the balance, at the end of a state fiscal year, in the fund exceeds ~~seven~~ **ten** percent (~~7%~~) (**10%**) of the total state general fund revenues for that state fiscal year, the excess is appropriated from the fund to the property tax replacement fund established under IC 6-1.1-21. The auditor of state and the treasurer of state shall transfer the amount so appropriated from the fund to the property tax replacement fund during the immediately following state fiscal year.

(b) If an appropriation is made out of the fund under section 4 of this chapter for a state fiscal year during which a transfer is to be made from the fund to the property tax replacement fund, the amount of the appropriation made under subsection (a) shall be reduced by the amount of the appropriation made under section 4 of this chapter. However, the amount of the appropriation made under subsection (a) may not be reduced to less than zero (0).

SECTION 6. IC 4-10-18-9 IS AMENDED TO READ AS



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FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. If the total state general fund revenues for a state fiscal year, in which a transfer into the fund is made, are less than the level estimated in the budget report prepared in accord with IC 4-12-1-12(a) or (c) and the shortfall cannot be attributed to a statutory change in the tax rate, the tax base, the fee schedules, or the revenue sources from which the general fund revenue estimate was made, there is appropriated from the fund to the state general fund an amount that may not exceed the lesser of the following two (2) amounts:

(1) the amount that was transferred into the fund during that state fiscal year; or

(2) the amount necessary to balance the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for that state fiscal year.

SECTION 7. IC 4-10-21-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. As used in this chapter, "general expenditures" refers to an expenditure from the state general fund or the property tax replacement fund that is authorized by a general appropriation subject to IC 2-2.1-4, other than any part of an appropriation excluded under IC 2-2.1-4-5.**

SECTION 8. IC 4-10-21-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this chapter, "state spending cap" refers:

(1) **for state fiscal years ending before July 1, 2007**, to the state spending cap determined under section 2 of this chapter; **and**

(2) **for state fiscal years beginning after June 30, 2007, to the maximum amount that may be appropriated for general appropriations in a state fiscal year under IC 2-2.1-4.**

SECTION 9. IC 4-10-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. ~~(a) For the state fiscal year beginning July 1, 2003, and ending June 30, 2004, the state spending cap is equal to the result determined under STEP THREE of the following formula:~~

~~STEP ONE: Determine the sum of the total of the appropriations made from the state general fund and the property tax replacement fund (including continuing appropriations) for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.~~

~~STEP TWO: Subtract from the STEP ONE result two hundred forty-three million dollars (\$243,000,000), which is the amount of certain reversions made by state agencies.~~

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1       ~~STEP THREE:~~ Multiply the ~~STEP TWO~~ result by one and  
 2       thirty-five thousandths (1.035):

3       ~~(b)~~ For the state fiscal year beginning July 1, 2004, and ending June  
 4       30, 2005, the state spending cap is equal to the product of the result  
 5       determined under subsection (a) multiplied by one and thirty-five  
 6       thousandths (1.035):

7       ~~(c)~~ (a) The state spending cap for a state fiscal year beginning after  
 8       June 30, 2005, is equal to the product of the state spending growth  
 9       quotient for the state fiscal year determined under section 3 of this  
 10      chapter multiplied by the state spending cap for the immediately  
 11      preceding state fiscal year.

12      ~~(d)~~ (b) The state spending cap imposed under this section is  
 13      increased in the initial state fiscal year in which the state receives  
 14      additional revenue for deposit in the state general fund or property tax  
 15      replacement fund as a result of the enactment of a law that:

- 16          (1) establishes a new tax or fee after June 30, 2002;
- 17          (2) increases the rate of a previously enacted tax or fee after June
- 18          30, 2002; or
- 19          (3) reduces or eliminates an exemption, a deduction, or a credit
- 20          against a previously enacted tax or fee after June 30, 2002.

21      The amount of the increase is equal to the average revenue that the  
 22      budget agency estimates will be raised by the legislative action in the  
 23      initial two (2) full state fiscal years in which the legislative change is  
 24      in effect.

25      ~~(e)~~ (c) The state spending cap imposed under this section is  
 26      decreased in the initial state fiscal year in which the state is affected by  
 27      a decrease in revenue deposited in the state general fund or property  
 28      tax replacement fund as the result of the enactment of a law that:

- 29          (1) eliminates a tax or fee after June 30, 2002;
- 30          (2) eliminates any part of a tax rate or fee after June 30, 2002; or
- 31          (3) establishes or increases an exemption, a deduction, or a credit
- 32          against a tax or fee after June 30, 2002.

33      The amount of the decrease is equal to the average revenue that the  
 34      budget agency estimates will be lost as a result of the legislative action  
 35      in the initial two (2) full state fiscal years in which the legislative  
 36      change is in effect.

37      **(d) This section expires July 1, 2007.**

38      SECTION 10. IC 4-10-21-5 IS AMENDED TO READ AS  
 39      FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The maximum  
 40      total amount that may be expended in a state fiscal year from the state  
 41      general fund, the property tax replacement fund, and the  
 42      counter-cyclical revenue and economic stabilization fund is the least of

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the following:

(1) Subject to sections 6 and 7 of this chapter, the state spending cap for the state fiscal year.

(2) The amount appropriated by the general assembly from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.

(3) The amount of money available in the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund to pay expenditures.

(b) Subject to sections 6 and 7 of this chapter, if the state spending cap for the state fiscal year is less than the amount appropriated by the general assembly in the state fiscal year from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund, the budget agency shall reduce the amounts available for expenditure from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund in the state fiscal year by using the procedures in IC 4-13-2-18.

**(c) This section expires July 1, 2007.**

SECTION 11. IC 4-10-21-5.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 5.1. (a) After June 30, 2007, the maximum total amount that may be expended for general expenditures in a state fiscal year may not exceed the maximum allowable expenditure imposed under this chapter and the maximum allowable appropriation under IC 2-2.1-4.**

**(b) If the state spending cap for the state fiscal year is less than the amount appropriated by the general assembly for general expenditures in the state fiscal year, when all open ended appropriations and nonspecific descriptive appropriations are considered, the budget agency shall reduce the amounts available for general expenditures to avoid a total amount of general expenditures that exceeds the state spending cap by using the procedures set forth in IC 4-13-2-18.**

SECTION 12. IC 4-10-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6. (a) The following expenditures that would otherwise be subject to this chapter shall be excluded from all computations and determinations related to a state spending cap:**

(1) Expenditures derived from money deposited in the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund from

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any of the following:

- (A) Gifts.
- (B) Federal funds.
- (C) Dedicated funds.
- (D) Intergovernmental transfers.
- (E) Damage awards.
- (F) Property sales.

(2) Expenditures for any of the following:

- (A) Transfers of money among the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.
- (B) Reserve fund deposits.
- (C) Refunds of intergovernmental transfers.
- (D) Payment of judgments against the state and settlement payments made to avoid a judgment against the state, other than a judgment or settlement payment for failure to pay a contractual obligation or a personnel expenditure.
- (E) Distributions or allocations of state tax revenues to a unit of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27, IC 36-7-31, or IC 36-7-31.3.
- (F) Motor vehicle excise tax replacement payments that are derived from amounts transferred to the state general fund from the lottery and gaming surplus account of the build Indiana fund.
- (G) Distributions of state tax revenues collected under IC 7.1 that are payable to cities and towns.

**(b) This section expires July 1, 2007.**

SECTION 13. IC 4-10-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) An appropriation otherwise subject to the state spending cap limitation imposed by section 5 of this chapter shall be treated as exempt from the state spending cap limitation only if the general assembly specifically exempts the appropriation from the state spending cap in clear and unambiguous language contained in the bill making the appropriation.

(b) The following language shall be treated as meeting the requirements of subsection (a):

"The general assembly waives the state spending cap limitation imposed by IC 4-10-21-5 for the state fiscal year beginning July 1, (insert the applicable year), and ending June 30, (insert the applicable year), for the following appropriation: (insert the language of the appropriation). Notwithstanding IC 4-10-21-5(a)(1), the budget agency may allot appropriations

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for the appropriation without making any reduction under IC 4-10-21-5(b).".

(c) Language in a bill such as "Notwithstanding IC 4-10-21" or "IC 4-10-21 does not apply to this appropriation" shall not be treated as meeting the requirements of subsection (a). The budget agency may consider the language described in this subsection or other language that does not meet the requirements of subsection (a) only in determining which appropriations to make available for expenditure under section 5(b) of this chapter.

**(d) This section expires July 1, 2007.**

SECTION 14. IC 4-10-21-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. **(a)** Not earlier than December 1 and not later than the first session day of the general assembly after December 31 of each even-numbered year, the budget agency shall submit a report in an electronic format under IC 5-14-6 to the executive director of the legislative services agency that includes at least the following information:

(1) The state spending cap for each of the state fiscal years in the immediately following biennial budget period.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the state spending caps described in subdivision (1) were determined.

**(b) This section expires July 1, 2007.**

SECTION 15. IC 4-12-1-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8.5. **(a) The statement required under section 9 of this chapter in the second part of a budget report (proposed anticipated income) must be based on a forecast that presents, to the best of the budget director's knowledge and belief, the expected income that will be available to meet the appropriations in:**

**(1) each state fiscal year in the budget period for which the budget report is prepared; and**

**(2) each calendar year containing any part of the budget period.**

**(b) The forecast prepared under this section shall be updated at least semiannually. During odd-numbered years, the forecast prepared under subsection (a) shall be updated before the last regular business day immediately preceding April 11 in the year.**

**(c) A forecast prepared under this section shall be expressed in specific monetary amounts as a single point estimate of forecasted income. The forecast must contain the information necessary to compute the expenditure limitations in IC 2-2.1-4. Due professional**

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care must be used in preparing the forecast. The underlying assumptions used must provide a reasonably objective basis for the forecast and be appropriate for the circumstances. Significant underlying assumptions must be disclosed in the forecast report.

(d) The budget director shall submit a forecast prepared under this section, including each updated version of the forecast, in an electronic format under IC 5-14-6 to the executive director of the legislative services agency not later than two (2) regular business days after a forecast is completed.

SECTION 16. IC 4-33-12-6, AS AMENDED BY P.L.4-2005, SECTION 23, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The department shall place in the state general fund the tax revenue collected under this chapter.

(b) Except as provided by subsections (c) and (d) and IC 6-3.1-20-7, the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat that has implemented flexible scheduling under IC 4-33-6-21 during the quarter shall be paid to:

(A) the city in which the riverboat is docked, if the city:

(i) is located in a county having a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); or

(ii) is contiguous to the Ohio River and is the largest city in the county; and

(B) the county in which the riverboat is docked, if the riverboat is not docked in a city described in clause (A).

(2) Except as provided in subsection (k), one dollar (\$1) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked. In the case of a county described in subdivision (1)(B), this one dollar (\$1) is in addition to the one dollar (\$1) received under subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

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shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer

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shall distribute the money received under this subdivision as follows:

(A) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) Twenty percent (20%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) Sixty percent (60%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body:

(i) A town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(ii) A town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000).

(2) Sixteen percent (16%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

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- 1 (B) contains a historic hotel.  
 2 The town council shall appropriate a part of the money received  
 3 by the town under this subdivision to the budget of the town's  
 4 tourism commission.  
 5 (3) Nine percent (9%) of the admissions tax collected during the  
 6 quarter shall be paid to the historic hotel preservation commission  
 7 established under IC 36-7-11.5.  
 8 (4) Twenty-five percent (25%) of the admissions tax collected  
 9 during the quarter shall be paid to the West Baden Springs  
 10 historic hotel preservation and maintenance fund established by  
 11 IC 36-7-11.5-11(b).  
 12 (5) Twenty-five percent (25%) of the admissions tax collected  
 13 during the quarter shall be paid to the Indiana economic  
 14 development corporation to be used by the corporation for the  
 15 development and implementation of a regional economic  
 16 development strategy to assist the residents of the county in which  
 17 the riverboat is located and residents of contiguous counties in  
 18 improving their quality of life and to help promote successful and  
 19 sustainable communities. The regional economic development  
 20 strategy must include goals concerning the following issues:  
 21 (A) Job creation and retention.  
 22 (B) Infrastructure, including water, wastewater, and storm  
 23 water infrastructure needs.  
 24 (C) Housing.  
 25 (D) Workforce training.  
 26 (E) Health care.  
 27 (F) Local planning.  
 28 (G) Land use.  
 29 (H) Assistance to regional economic development groups.  
 30 (I) Other regional development issues as determined by the  
 31 Indiana economic development corporation.  
 32 (d) With respect to tax revenue collected from a riverboat that  
 33 operates from a county having a population of more than four hundred  
 34 thousand (400,000) but less than seven hundred thousand (700,000),  
 35 the treasurer of state shall quarterly pay the following amounts:  
 36 (1) Except as provided in subsection (k), one dollar (\$1) of the  
 37 admissions tax collected by the licensed owner for each person:  
 38 (A) embarking on a gambling excursion during the quarter; or  
 39 (B) admitted to a riverboat during the quarter that has  
 40 implemented flexible scheduling under IC 4-33-6-21;  
 41 shall be paid to the city in which the riverboat is docked.  
 42 (2) Except as provided in subsection (k), one dollar (\$1) of the

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admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the northwest Indiana law enforcement training center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(7) Except as provided in subsection (k), sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in

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amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through (c)(2), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may ~~not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to~~ reduce the property tax levy of the unit for a particular year **(a property tax reduction under this subdivision does not reduce the maximum levy of the unit under IC 6-1.1-18.5);**

(3) may be used for any **other** legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered ~~miscellaneous~~ **additional** revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of

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addictions to drugs, alcohol, and compulsive gambling, including the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

(1) Each entity receiving money under subsection (b).

(2) Each entity receiving money under subsection (d)(1) through (d)(2).

(3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). ~~For state fiscal years beginning after June 30, 2002,~~ The total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). ~~For state fiscal years beginning after June 30, 2002,~~ The treasurer of state shall pay that part of the riverboat admissions taxes that:

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- (1) exceed a particular entity's base year revenue; and  
 (2) would otherwise be due to the entity under this section;  
 to the property tax replacement fund instead of to the entity.

SECTION 17. IC 4-33-13-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) Money paid to a unit of local government under this chapter:

- (1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;  
 (2) may ~~not~~ be used to reduce the ~~unit's maximum or actual levy under IC 6-1.1-18.5;~~ **property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5);** and  
 (3) may be used for any **other** legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4.

(b) This chapter does not prohibit the city or county designated as the home dock of the riverboat from entering into agreements with other units of local government in Indiana or in other states to share the city's or county's part of the tax revenue received under this chapter.

SECTION 18. IC 5-1-18 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

**Chapter 18. Reports Concerning Bonds and Leases of Political Subdivisions**

**Sec. 1. As used in this chapter, "bonds" means any bonds, notes, or other evidences of indebtedness, including guaranteed energy savings contracts and advances from the common school fund, whether payable from property taxes, other taxes, revenues, or any other source. However, the term does not include notes, warrants, or other evidences of indebtedness made in anticipation of and to be paid from current revenues of a political subdivision actually levied and in the course of collection for the fiscal year in which the notes, warrants, or other evidences of indebtedness are issued.**

**Sec. 2. As used in this chapter, "department" refers to the department of local government finance.**

**Sec. 3. As used in this chapter, "lease" means a lease of real property that is entered into by a political subdivision for a term of at least twelve (12) months, whether payable from property taxes, other taxes, revenues, or any other source.**

**Sec. 4. As used in this chapter, "lease rentals" means the**

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1 payments required under a lease.

2 Sec. 5. As used in this chapter, "political subdivision" has the  
3 meaning set forth in IC 36-1-2-13.

4 Sec. 6. A political subdivision that issues bonds or enters into a  
5 lease after December 31, 2005, shall supply the department with  
6 information concerning the bond issue or lease within twenty (20)  
7 days after the issuance of the bonds or execution of the lease.

8 Sec. 7. (a) Except as provided by subsection (b), the bond issue  
9 information required by section 6 of this chapter must be  
10 submitted on a form prescribed by the department and must  
11 include:

- 12 (1) the par value of the bond issue;
- 13 (2) a schedule of maturities and interest rates;
- 14 (3) the purposes of the bond issue;
- 15 (4) the itemized costs of issuance information, including fees  
16 for bond counsel, other legal counsel, underwriters, and  
17 financial advisors;
- 18 (5) the type of bonds that are issued; and
- 19 (6) other information as required by the department.

20 A copy of the official statement and bond covenants, if any, must  
21 be supplied with this information.

22 (b) The department may establish a procedure that permits a  
23 political subdivision or a person acting on behalf of a political  
24 subdivision to transfer all or part of the information described in  
25 subsection (a) to the department in a uniform format through a  
26 secure connection over the Internet or through other electronic  
27 means.

28 Sec. 8. (a) Except as provided by subsection (b), the lease  
29 information required by section 6 of this chapter must be  
30 submitted on a form prescribed by the department and must  
31 include:

- 32 (1) the term of the lease;
- 33 (2) the annual and total amount of lease rental payments due  
34 under the lease;
- 35 (3) the purposes of the lease;
- 36 (4) the itemized costs incurred by the political subdivision  
37 with respect to the preparation and execution of the lease,  
38 including fees for legal counsel and other professional  
39 advisors;
- 40 (5) if all or part of the lease rental payments are used by the  
41 lessor as debt service payments for bonds issued for the  
42 acquisition, construction, renovation, improvement,

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expansion, or use of a building, structure, or other public improvement for the political subdivision:

- (A) the name of the lessor;
- (B) the par value of the bond issue; and
- (C) the purposes of the bond issue; and
- (6) other information as required by the department.

(b) The department may establish a procedure that permits a political subdivision or a person acting on behalf of a political subdivision to transfer all or part of the information described in subsection (a) to the department in a uniform format through the Internet or other electronic means, as determined by the department.

**Sec. 9.** Each political subdivision that has any outstanding bonds or leases shall submit a report to the department before March 1 of 2006 and each year thereafter that includes a summary of all the outstanding bonds of the political subdivision as of January 1 of that year. The report must:

- (1) distinguish the outstanding bond issues and leases on the basis of the type of bond or lease, as determined by the department;
- (2) include a comparison of the political subdivision's outstanding indebtedness compared to any applicable statutory or constitutional limitations on indebtedness;
- (3) include other information as required by the department; and
- (4) be submitted on a form prescribed by the department or through the Internet or other electronic means, as determined by the department.

**Sec. 10.** The department shall:

- (1) compile an electronic data base that includes the information submitted under this chapter; and
- (2) after December 31, 2006, post the information submitted under this chapter on the Internet at least annually.

**Sec. 11.** Information submitted to the department under this chapter is a public record that may be inspected and copied under IC 5-14-3.

**Sec. 12.** The department may adopt rules under IC 4-22-2 to carry out the purposes of this chapter.

SECTION 19. IC 5-3-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and

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1 expenditures of the city or town during the preceding calendar year.

2 (b) Not earlier than August 1 or later than August 15 of each year,  
3 the secretary of each school corporation in Indiana shall publish an  
4 annual financial report.

5 (c) In the annual financial report the school corporation shall  
6 include the following:

7 (1) Actual receipts and expenditures by major accounts as  
8 compared to the budget advertised under IC 6-1.1-17-3 for the  
9 prior calendar year.

10 (2) The salary schedule for all certificated employees (as defined  
11 in IC 20-7.5-1-2) as of June 30, with the number of employees at  
12 each salary increment. However, the listing of salaries of  
13 individual teachers is not required.

14 (3) The extracurricular salary schedule as of June 30.

15 (4) The range of rates of pay for all noncertificated employees by  
16 specific classification.

17 (5) The number of employees who are full-time certificated,  
18 part-time certificated, full-time noncertificated, and part-time  
19 noncertificated.

20 (6) The lowest, highest, and average salary for the administrative  
21 staff and the number of administrators without a listing of the  
22 names of particular administrators.

23 (7) The number of students enrolled at each grade level and the  
24 total enrollment.

25 (8) The assessed valuation of the school corporation for the prior  
26 and current calendar year.

27 (9) The tax rate for each fund for the prior and current calendar  
28 year.

29 (10) In the general fund, capital projects fund, and transportation  
30 fund, a report of the total payment made to each vendor for the  
31 specific fund in excess of two thousand five hundred dollars  
32 (\$2,500) during the prior calendar year. However, a school  
33 corporation is not required to include more than two hundred  
34 (200) vendors whose total payment to each vendor was in excess  
35 of two thousand five hundred dollars (\$2,500). A school  
36 corporation shall list the vendors in descending order from the  
37 vendor with the highest total payment to the vendor with the  
38 lowest total payment above the minimum listed in this  
39 subdivision.

40 (11) A statement providing that the contracts, vouchers, and bills  
41 for all payments made by the school corporation are in its  
42 possession and open to public inspection.

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(12) The total indebtedness as of the end of the prior calendar year showing the total amount of notes, bonds, certificates, claims due, total amount due from such corporation for public improvement assessments or intersections of streets, and any and all other evidences of indebtedness outstanding and unpaid at the close of the prior calendar year. **The school corporation must publish information under this subsection that is consistent with the information reported to the department of local government finance under IC 5-1-18.**

(d) The school corporation may provide an interpretation or explanation of the information included in the financial report.

(e) The department of education shall do the following:

(1) Develop guidelines for the preparation and form of the financial report.

(2) Provide information to assist school corporations in the preparation of the financial report.

(f) The annual reports required by this section and IC 36-2-2-19 and the abstract required by IC 36-6-4-13 shall each be published one (1) time only, in accordance with this chapter.

(g) Each school corporation shall submit to the department of education a copy of the financial report required under this section. The department of education shall make the financial reports available for public inspection.

SECTION 20. IC 6-1.1-4-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a general reassessment of property last took effect.

(b) The system must be applied to adjust assessed values beginning with the ~~2005~~ **2006** assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

(c) The system must have the following characteristics:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Apply all objectively verifiable factors used in mass valuation techniques that are reasonably expected to affect the value of real property in Indiana.

(3) Prescribe as many adjustment percentages and whatever categories of percentages the department of local government finance finds necessary to achieve objectively verifiable updated just valuations of real property. An adjustment percentage for a

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particular classification may be positive or negative.

(4) Prescribe procedures, including computer software programs, that permit the application of the adjustment percentages in an efficient manner by assessing officials.

SECTION 21. IC 6-1.1-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) A person to whom the title to real property has passed, either under the laws of descent of this state or by virtue of the last will of a decedent, may procure a transfer of the real property on the tax duplicate on which the real property is assessed and taxed. In order to procure the transfer, the person must prepare an affidavit and, except as provided in section 9 of this chapter, file it with the auditor of the county in which the real property is situated. The affidavit shall contain the following information:

(1) The decedent's date of death.

(2) Whether the decedent died testate or intestate. ~~and~~

(3) The affiant's interest in the real property.

**(4) If the real property is residential property, the amount of any taxes that have been deferred under IC 6-1.1-45.**

In addition, if the decedent died testate, the affiant must attach a certified copy of the decedent's will to the affidavit. However, if the will has been probated or recorded in the county in which the real property is located, the affiant, in lieu of attaching a certified copy of the will, shall state that fact in the affidavit and indicate the volume and page of the record where the will may be found.

(b) Except as provided in section 9 of this chapter, the county auditor shall enter a transfer of the real property in the proper transfer book after the affidavit is filed with ~~his~~ **the county auditor's** office.

(c) No transfer made under this section has the effect of conferring title upon the person procuring the transfer.

**(d) Before the county auditor may transfer real property described in subsection (a) on the last assessment list or apportion the assessed value of the real property among the owners, the owner must pay or otherwise satisfy all taxes on the parcels being transferred that have become due under IC 6-1.1-45 as a result of the death of the person by paying the property tax to the county treasurer of the county in which the real property is located.**

**(e) If a county auditor transfers real property in the proper transfer book in violation of subsection (d):**

**(1) a lien for and the duty to pay property taxes that are due and owing are not released or otherwise extinguished; and**

**(2) property taxes that are due and owing on the affected**

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**parcel of property may be collected as if the county auditor had not transferred the property in the proper transfer book in violation of subsection (d).**

SECTION 22. IC 6-1.1-5.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The department of local government finance shall prescribe a sales disclosure form for use under this chapter. The form prescribed by the department of local government finance must include at least the following information:

- (1) The key number of the parcel (as defined in IC 6-1.1-1-8.5).
- (2) Whether the entire parcel is being conveyed.
- (3) The address of the property.
- (4) The date of the execution of the form.
- (5) The date the property was transferred.
- (6) Whether the transfer includes an interest in land or improvements, or both.
- (7) Whether the transfer includes personal property.
- (8) An estimate of any personal property included in the transfer.
- (9) The name and address of each transferor and transferee.
- (10) The mailing address to which the property tax bills or other official correspondence should be sent.
- (11) The ownership interest transferred.
- (12) The classification of the property (as residential, commercial, industrial, agricultural, vacant land, or other).
- (13) The total price actually paid or required to be paid in exchange for the conveyance, whether in terms of money, property, a service, an agreement, or other consideration, but excluding tax payments and payments for legal and other services that are incidental to the conveyance.
- (14) The terms of seller provided financing, such as interest rate, points, type of loan, amount of loan, and amortization period, and whether the borrower is personally liable for repayment of the loan.
- (15) Any family or business relationship existing between the transferor and the transferee.
- (16) If the transferred property is residential property, the amount of any taxes deferred under IC 6-1.1-45 and interest due on the deferred taxes.**

~~(16)~~ (17) Other information as required by the department of local government finance to carry out this chapter.

If a form under this section includes the telephone number or the Social Security number of a party, the telephone number or the Social Security number is confidential.

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SECTION 23. IC 6-1.1-12-41 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 30, 2004 (RETROACTIVE)]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.

(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).

(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.

(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.

(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11.

(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. ~~An ordinance adopted under this subsection must be adopted before January 1 of a calendar year beginning after December 31, 2002.~~ An ordinance adopted under this section in a particular year applies:

**(1) if adopted before March 31, 2004, to each subsequent assessment year ending before January 1, 2006; and**

**(2) if adopted after March 30, 2004, and before June 1, 2005, to the March 1, 2005, assessment date.**

An ordinance adopted under this section may be consolidated with an ordinance adopted under IC 6-3.5-7-25 or IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after ~~March~~ **May 30, 2004. 2005.** However, an ordinance adopted under this section:

**(1) before March 31, 2004, may be amended after March 30, 2004; and**

**(2) before June 1, 2005, may be amended after May 30, 2005;** to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

**(1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under**

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1 this section is adopted;

2 (2) the county fiscal body if the county adjusted gross income tax  
3 is in effect on January 1 of the year in which an ordinance under  
4 this section is adopted; or

5 (3) the county income tax council or the county fiscal body,  
6 whichever acts first, for a county not covered by subdivision (1)  
7 or (2).

8 To adopt an ordinance under subsection (f), a county income tax  
9 council shall use the procedures set forth in IC 6-3.5-6 concerning the  
10 imposition of the county option income tax. The entity that adopts the  
11 ordinance shall provide a certified copy of the ordinance to the  
12 department of local government finance before February 1.

13 (i) A taxpayer is not required to file an application to qualify for the  
14 deduction permitted under subsection (f).

15 (j) The department of local government finance shall incorporate the  
16 deduction established in this section in the personal property return  
17 form to be used each year for filing under IC 6-1.1-3-7 or  
18 IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the  
19 form. If a taxpayer fails to enter the deduction on the form, the  
20 township assessor shall:

21 (1) determine the amount of the deduction; and

22 (2) within the period established in IC 6-1.1-16-1, issue a notice  
23 of assessment to the taxpayer that reflects the application of the  
24 deduction to the inventory assessment.

25 (k) The deduction established in this section must be applied to any  
26 inventory assessment made by:

27 (1) an assessing official;

28 (2) a county property tax board of appeals; or

29 (3) the department of local government finance.

30 SECTION 24. IC 6-1.1-15-1 IS AMENDED TO READ AS  
31 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) A taxpayer may  
32 obtain a review by the county property tax assessment board of appeals  
33 of a county or township official's action with respect to the assessment  
34 of the taxpayer's tangible property if the official's action requires the  
35 giving of notice to the taxpayer. At the time that notice is given to the  
36 taxpayer, the taxpayer shall also be informed in writing of:

37 (1) the opportunity for review under this section, including an  
38 informal preliminary conference with the county or township  
39 official referred to in this subsection; and

40 (2) the procedures the taxpayer must follow in order to obtain  
41 review under this section.

42 (b) In order to appeal a current assessment and have a change in the

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1 assessment effective for the most recent assessment date, the taxpayer  
 2 must request in writing a preliminary conference with the county or  
 3 township official referred to in subsection (a):

4 (1) ~~within not later than~~ forty-five (45) days after notice of a  
 5 change in the assessment is given to the taxpayer; or

6 (2) ~~on or before~~ May 10 of that year;

7 whichever is later. ~~The county or township official referred to in~~  
 8 ~~subsection (a) shall notify the county auditor that the assessment is~~  
 9 ~~under appeal.~~ The preliminary conference required under this  
 10 subsection is a prerequisite to a review by the county property tax  
 11 assessment board of appeals under subsection (i).

12 (c) A change in an assessment made as a result of an appeal filed:

13 (1) in the same year that notice of a change in the assessment is  
 14 given to the taxpayer; and

15 (2) after the time prescribed in subsection (b);  
 16 becomes effective for the next assessment date.

17 (d) A taxpayer may appeal a current real property assessment in a  
 18 year even if the taxpayer has not received a notice of assessment in the  
 19 year. If an appeal is filed on or before May 10 of a year in which the  
 20 taxpayer has not received notice of assessment, a change in the  
 21 assessment resulting from the appeal is effective for the most recent  
 22 assessment date. If the appeal is filed after May 10, the change  
 23 becomes effective for the next assessment date.

24 (e) The written request for a preliminary conference that is required  
 25 under subsection (b) must include the following information:

26 (1) The name of the taxpayer.

27 (2) The address and parcel or key number of the property.

28 (3) The address and telephone number of the taxpayer.

29 (f) The county or township official referred to in subsection (a)  
 30 shall, ~~within not later than~~ thirty (30) days after the receipt of a  
 31 written request for a preliminary conference, attempt to hold a  
 32 preliminary conference with the taxpayer to resolve as many issues as  
 33 possible by:

34 (1) discussing the specifics of the taxpayer's reassessment;

35 (2) reviewing the taxpayer's property record card;

36 (3) explaining to the taxpayer how the reassessment was  
 37 determined;

38 (4) providing to the taxpayer information about the statutes, rules,  
 39 and guidelines that govern the determination of the reassessment;

40 (5) noting and considering objections of the taxpayer;

41 (6) considering all errors alleged by the taxpayer; and

42 (7) otherwise educating the taxpayer about:

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- (A) the taxpayer's reassessment;
- (B) the reassessment process; and
- (C) the reassessment appeal process.

~~Within~~ **Not later than** ten (10) days after the conference, the county or township official referred to in subsection (a) shall forward to the county auditor and the county property tax assessment board of appeals the results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the official. The official and the taxpayer shall each retain a copy of the form for their records.

(g) The form submitted to the county property tax assessment board of appeals under subsection (f) must specify the following:

- (1) The physical characteristics of the property in issue that bear on the assessment determination.
- (2) All other facts relevant to the assessment determination.
- (3) A list of the reasons the taxpayer believes that the assessment determination by the county or township official referred to in subsection (a) is incorrect.
- (4) An indication of the agreement or disagreement by the official with each item listed under subdivision (3).
- (5) The reasons the official believes that the assessment determination is correct.

(h) If after the conference there are no items listed on the form submitted to the county property tax assessment board of appeals under subsection (f) on which there is disagreement:

- (1) the county or township official referred to in subsection (a) shall give notice to the taxpayer, the county property tax assessment board of appeals, and the county assessor of the assessment in the amount agreed to by the taxpayer and the official; and
- (2) the county property tax assessment board of appeals may reserve the right to change the assessment under IC 6-1.1-13.

(i) If after the conference there are items listed in the form submitted under subsection (f) on which there is disagreement, the county property tax assessment board of appeals shall hold a hearing. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the board of appeals. Except as provided in subsections (k) and (l), the hearing must be held ~~within~~ **not later than** ninety (90) days ~~of~~ **after** the official's receipt of the taxpayer's written request for a preliminary conference under subsection (b). The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The county or

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township official referred to in subsection (a) must present the basis for the assessment decision on these items to the board of appeals at the hearing and the reasons the taxpayer's appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within not later than~~ sixty (60) days ~~of~~ **after** the hearing, except as provided in subsections (k) and (l).

(j) If the township assessor does not attempt to hold a preliminary conference, the taxpayer may file a request in writing with the county assessor for a hearing before the property tax assessment board of appeals. If the board determines that the county or township official referred to in subsection (a) did not attempt to hold a preliminary conference, the board shall hold a hearing. The taxpayer and the county or township official whose original determination is under review are parties to the proceeding before the board of appeals. The hearing must be held ~~within not later than~~ ninety (90) days ~~of~~ **after** the receipt by the board of appeals of the taxpayer's hearing request under this subsection. The requirements of subsection (i) with respect to:

(1) participation in the hearing by the taxpayer and the township assessor or county assessor; and

(2) the procedures to be followed by the county board; apply to a hearing held under this subsection.

(k) This subsection applies to a county having a population of more than three hundred thousand (300,000). In the case of a petition filed after December 31, 2000, the county property tax assessment board of appeals shall:

(1) hold its hearing ~~within not later than~~ one hundred eighty (180) days instead of ninety (90) days **after the filing of the petition;** and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within not later than~~ one hundred twenty (120) days after the hearing.

(l) This subsection applies to a county having a population of three hundred thousand (300,000) or less. With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the county property tax assessment board of appeals shall:

(1) hold its hearing ~~within not later than~~ one hundred eighty (180) days instead of ninety (90) days **after the filing of the petition;** and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within not later~~

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1 **than** one hundred twenty (120) days after the hearing.

2 (m) The county property tax assessment board of appeals:

3 (1) may not require a taxpayer to file documentary evidence or  
4 summaries of statements of testimonial evidence before the  
5 hearing required under subsection (i) or (j); and

6 (2) may amend the form submitted under subsection (f) if the  
7 board determines that the amendment is warranted.

8 **(n) Upon receiving a request for a preliminary conference under**  
9 **subsection (b), the county or township official referred to in**  
10 **subsection (a) shall notify the county auditor in writing that the**  
11 **assessment is under appeal. With respect to an appeal of the**  
12 **assessment of real property or personal property filed after June**  
13 **30, 2005, the notice must include the appellant's name and address,**  
14 **the assessed value of the appealed items for the assessment date**  
15 **immediately preceding the assessment date for which the appeal**  
16 **was filed, and the assessed value of the appealed items on the most**  
17 **recent assessment date. If the county auditor determines that the**  
18 **assessed value of the appealed items constitutes at least one percent**  
19 **(1%) of the total gross certified assessed value of a particular**  
20 **taxing unit for the assessment date immediately preceding the**  
21 **assessment date for which the appeal was filed, the county auditor**  
22 **shall send a copy of the notice to the affected taxing unit. Failure**  
23 **of the county auditor to send a copy of the notice to the affected**  
24 **taxing unit does not affect the validity of the appeal or delay the**  
25 **appeal.**

26 SECTION 25. IC 6-1.1-15-2.1 IS AMENDED TO READ AS  
27 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2.1. (a) The county  
28 property tax assessment board of appeals may assess the tangible  
29 property in question.

30 (b) The county property tax assessment board of appeals shall, by  
31 mail, give notice of the date fixed for the hearing under ~~section 1~~  
32 **section 1(i)** of this chapter to the taxpayer, ~~and to the township~~  
33 ~~assessor, the county assessor, and the county auditor.~~ **With respect**  
34 **to an appeal of the assessment of real property or personal**  
35 **property filed after June 30, 2005, the notice must include the**  
36 **following:**

37 (1) For those items on which there is disagreement, the  
38 assessed value of the appealed items:

39 (A) for the assessment date immediately preceding the  
40 assessment date for which the appeal was filed; and

41 (B) on the most recent assessment date.

42 (2) A statement that a taxing unit receiving the notice from

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the county auditor under subsection (c) may:

(A) attend the hearing;

(B) offer testimony; and

(C) file an amicus curiae brief in the proceeding.

A taxing unit that receives a notice from the county auditor under subsection (c) is not a party to the appeal.

(c) If, after receiving notice of a hearing under subsection (b), the county auditor determines that the assessed value of the items on which there is disagreement constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

~~(c)~~ (d) The department of local government finance shall prescribe a form for use by the county property tax assessment board of appeals in processing a review of an assessment determination. The department shall issue instructions for completion of the form. The form must require the county property tax assessment board of appeals to include a record of the hearing, findings on each item, and indicate agreement or disagreement with each item that is indicated on the form submitted by the taxpayer and the county or township official under section 1(f) of this chapter. The form must also require the county property tax assessment board of appeals to indicate the issues in dispute for each item and its reasons in support of its resolution of those issues.

~~(d)~~ (e) After the hearing the county property tax assessment board of appeals shall, by mail, give notice of its determination to the taxpayer, the township assessor, ~~and~~ the county assessor, ~~and the county auditor, and any taxing unit entitled to notice of the hearing under subsection (c). The county property tax assessment board of appeals~~ shall include with the notice copies of the forms completed under subsection ~~(c)~~ (d).

SECTION 26. IC 6-1.1-15-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) A taxpayer may obtain a review by the Indiana board of a county property tax assessment board of appeals action with respect to the assessment of that taxpayer's tangible property if the county property tax assessment board of appeals' action requires the giving of notice to the taxpayer. A township assessor, county assessor, member of a county property tax assessment board of appeals, or county property tax assessment board

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of appeals that made the original determination under appeal under this section is a party to the review under this section to defend the determination. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the taxpayer's opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) A township assessor or county assessor may obtain a review by the Indiana board of any assessment which the township assessor or the county assessor has made, upon which the township assessor or the county assessor has passed, or which has been made over the township assessor's or the county assessor's protest.

(c) In order to obtain a review by the Indiana board under this section, the party must file a petition for review with the appropriate county assessor ~~within~~ **not later than** thirty (30) days after the notice of the county property tax assessment board of appeals action is given to the taxpayer.

(d) The Indiana board shall prescribe the form of the petition for review of an assessment determination by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the Indiana board. The form must require the petitioner to specify the following:

- (1) If the county or township official held a preliminary conference under section 1(f) of this chapter, the items listed in section 1(g)(1) and 1(g)(2) of this chapter.
- (2) The reasons why the petitioner believes that the assessment determination by the county property tax assessment board of appeals is erroneous.

(e) The county assessor shall transmit the petition for review to the Indiana board ~~within~~ **not later than** ten (10) days after it is filed.

(f) If a township assessor or a member of the county property tax assessment board of appeals files a petition for review under this section concerning the assessment of a taxpayer's property, the county assessor must send a copy of the petition to the taxpayer. **The county assessor shall transmit the petition for review to the Indiana board not later than ten (10) days after the petition is filed.**

SECTION 27. IC 6-1.1-15-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) After receiving a petition for review which is filed under section 3 of this chapter, the

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1 Indiana board shall conduct a hearing at its earliest opportunity. The  
2 Indiana board may:

3 (1) assign:

4 (A) full;

5 (B) limited; or

6 (C) no;

7 evidentiary value to the assessed valuation of tangible property  
8 determined by stipulation submitted as evidence of a comparable  
9 sale; and

10 (2) correct any errors that may have been made, and adjust the  
11 assessment in accordance with the correction.

12 **(b) If the Indiana board conducts a site inspection of the property as**  
13 **part of its review of the petition, the Indiana board shall give notice to**  
14 **all parties of the date and time of the site inspection. The Indiana board**  
15 **is not required to assess the property in question. The Indiana board**  
16 **shall give notice of the date fixed for the hearing, by mail, to the**  
17 **taxpayer and to the appropriate township assessor, county assessor, and**  
18 **county auditor. With respect to an appeal of the assessment of real**  
19 **property or personal property filed after June 30, 2005, the notice**  
20 **must include the following:**

21 **(1) The action of the county property tax assessment board of**  
22 **appeals with respect to the appealed items.**

23 **(2) A statement that a taxing unit receiving the notice from**  
24 **the county auditor under subsection (c) may:**

25 **(A) attend the hearing; and**

26 **(B) offer testimony.**

27 **A taxing unit that receives a notice from the county auditor under**  
28 **subsection (c) is not a party to the appeal.** The Indiana board shall  
29 give these notices at least thirty (30) days before the day fixed for the  
30 hearing. The property tax assessment board of appeals that made the  
31 determination under appeal under this section may, with the approval  
32 of the county executive, file an amicus curiae brief in the review  
33 proceeding under this section. The expenses incurred by the property  
34 tax assessment board of appeals in filing the amicus curiae brief shall  
35 be paid from the property reassessment fund under IC 6-1.1-4-27.5.  
36 The executive of a taxing unit may file an amicus curiae brief in the  
37 review proceeding under this section if the property whose assessment  
38 is under appeal is subject to assessment by that taxing unit.

39 **(c) If, after receiving notice of a hearing under subsection (b),**  
40 **the county auditor determines that the assessed value of the**  
41 **appealed items constitutes at least one percent (1%) of the total**  
42 **gross certified assessed value of a particular taxing unit for the**

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assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

(b) (d) If a petition for review does not comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter, the Indiana board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure the defect and file a corrected petition. The Indiana board shall deny a corrected petition for review if it does not substantially comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter.

(c) (e) The Indiana board shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form must require the Indiana board to indicate agreement or disagreement with each item that is:

(1) if the county or township official held a preliminary conference under section 1(f) of this chapter, indicated on the petition submitted under that section by the taxpayer and the official; and

(2) included in the county property tax assessment board of appeals' findings, record, and determination under ~~section 2.1(c)~~ **section 2.1(d)** of this chapter.

The form must also require the Indiana board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

(d) (f) After the hearing the Indiana board shall give the petitioner, the township assessor, the county assessor, ~~and~~ the county auditor, ~~and~~ **the affected taxing units required to be notified under subsection (c):**

(1) notice, by mail, of its final determination;

(2) a copy of the form completed under subsection ~~(c)~~; **(e)**; and

(3) notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

~~(e)~~ (g) Except as provided in subsection ~~(f)~~; **(h)**, the Indiana board shall conduct a hearing not later than nine (9) months after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

~~(f)~~ (h) With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of

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1 real property takes effect under IC 6-1.1-4-4, the Indiana board shall  
 2 conduct a hearing not later than one (1) year after a petition in proper  
 3 form is filed with the Indiana board, excluding any time due to a delay  
 4 reasonably caused by the petitioner.

5 ~~(g)~~ **(i)** Except as provided in subsection ~~(h)~~; **(j)**, the Indiana board  
 6 shall make a determination not later than the later of:

7 **(1)** ninety (90) days after the hearing; or

8 **(2)** the date set in an extension order issued by the Indiana board.

9 ~~(h)~~ **(j)** With respect to an appeal of a real property assessment that  
 10 takes effect on the assessment date on which a general reassessment of  
 11 real property takes effect under IC 6-1.1-4-4, the Indiana board shall  
 12 make a determination not later than the later of:

13 **(1)** one hundred eighty (180) days after the hearing; or

14 **(2)** the date set in an extension order issued by the Indiana board.

15 ~~(i)~~ **(k)** Except as provided in subsection ~~(n)~~; **(p)**, the Indiana board  
 16 may not extend the final determination date under subsection ~~(g)~~ **(i)** or  
 17 ~~(h)~~ **(j)** by more than one hundred eighty (180) days. If the Indiana  
 18 board fails to make a final determination within the time allowed by  
 19 this subsection, the entity that initiated the petition may:

20 **(1)** take no action and wait for the Indiana board to make a final  
 21 determination; or

22 **(2)** petition for judicial review under section 5(g) of this chapter.

23 ~~(j)~~ **(l)** A final determination must include separately stated findings  
 24 of fact for all aspects of the determination. Findings of ultimate fact  
 25 must be accompanied by a concise statement of the underlying basic  
 26 facts of record to support the findings. Findings must be based  
 27 exclusively upon the evidence on the record in the proceeding and on  
 28 matters officially noticed in the proceeding. Findings must be based  
 29 upon a preponderance of the evidence.

30 ~~(k)~~ **(m)** The Indiana board may limit the scope of the appeal to the  
 31 issues raised in the petition and the evaluation of the evidence  
 32 presented to the county property tax assessment board of appeals in  
 33 support of those issues only if all persons participating in the hearing  
 34 required under subsection (a) agree to the limitation. A person  
 35 participating in the hearing required under subsection (a) is entitled to  
 36 introduce evidence that is otherwise proper and admissible without  
 37 regard to whether that evidence has previously been introduced at a  
 38 hearing before the county property tax assessment board of appeals.

39 ~~(l)~~ **(n)** The Indiana board:

40 **(1)** may require the parties to the appeal to file not more than five

41 **(5)** business days before the date of the hearing required under

42 subsection (a) documentary evidence or summaries of statements

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1 of testimonial evidence; and

2 (2) may require the parties to the appeal to file not more than  
3 fifteen (15) business days before the date of the hearing required  
4 under subsection (a) lists of witnesses and exhibits to be  
5 introduced at the hearing.

6 ~~(m)~~ (o) A party to a proceeding before the Indiana board shall  
7 provide to another party to the proceeding the information described in  
8 subsection ~~(h)~~ (n) if the other party requests the information in writing  
9 at least ten (10) days before the deadline for filing of the information  
10 under subsection ~~(h)~~ (n).

11 ~~(m)~~ (p) The county assessor may:

12 (1) appear as an additional party if the notice of appearance is  
13 filed before the review proceeding; or

14 (2) with the approval of the township assessor, represent the  
15 township assessor;

16 in a review proceeding under this section.

17 ~~(o)~~ (q) The Indiana board may base its final determination on a  
18 stipulation between the respondent and the petitioner. If the final  
19 determination is based on a stipulated assessed valuation of tangible  
20 property, the Indiana board may order the placement of a notation on  
21 the permanent assessment record of the tangible property that the  
22 assessed valuation was determined by stipulation. The Indiana board  
23 may:

24 (1) order that a final determination under this subsection has no  
25 precedential value; or

26 (2) specify a limited precedential value of a final determination  
27 under this subsection.

28 SECTION 28. IC 6-1.1-15-5 IS AMENDED TO READ AS  
29 FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) Not later than  
30 fifteen (15) days after the Indiana board gives notice of its final  
31 determination under section 4 of this chapter to the party or the  
32 maximum allowable time for the issuance of a final determination by  
33 the Indiana board under section 4 of this chapter expires, a party to the  
34 proceeding may request a rehearing before the Indiana board. The  
35 Indiana board may conduct a rehearing and affirm or modify its final  
36 determination, giving the same notices after the rehearing as are  
37 required by section 4 of this chapter. The Indiana board has fifteen (15)  
38 days after receiving a petition for a rehearing to determine whether to  
39 grant a rehearing. Failure to grant a rehearing not later than fifteen (15)  
40 days after receiving the petition shall be treated as a final determination  
41 to deny the petition. A petition for a rehearing does not toll the time in  
42 which to file a petition for judicial review unless the petition for

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rehearing is granted. If the Indiana board determines to rehear a final determination, the Indiana board:

- (1) may conduct the additional hearings that the Indiana board determines necessary or review the written record without additional hearings; and
- (2) shall issue a final determination not later than ninety (90) days after notifying the parties that the Indiana board will rehear the final determination.

If of the Indiana board fails to make a final determination within the time allowed under subdivision (2), the entity that initiated the petition for rehearing may take no action and wait for the Indiana board to make a final determination or petition for judicial review under subsection (g).

(b) A person may petition for judicial review of the final determination of the Indiana board regarding the assessment of that person's tangible property. The action shall be taken to the tax court under IC 4-21.5-5. Petitions for judicial review may be consolidated at the request of the appellants if it can be done in the interest of justice. The property tax assessment board of appeals that made the determination under appeal under this section may, with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the property tax assessment board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under IC 6-1.1-4-27.5. In addition, the executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment is under appeal is subject to assessment by that taxing unit. The department of local government finance may intervene in an action taken under this subsection if the interpretation of a rule of the department is at issue in the action. A township assessor, county assessor, member of a county property tax assessment board of appeals, or county property tax assessment board of appeals that made the original assessment determination under appeal under this section is a party to the review under this section to defend the determination.

(c) Except as provided in subsection (g), to initiate a proceeding for judicial review under this section, a person must take the action required by subsection (b) not later than:

- (1) forty-five (45) days after the Indiana board gives the person notice of its final determination, unless a rehearing is conducted under subsection (a); or
- (2) thirty (30) days after the Indiana board gives the person notice under subsection (a) of its final determination, if a rehearing is

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conducted under subsection (a) or the maximum time elapses for the Indiana board to make a determination under this section.

(d) The failure of the Indiana board to conduct a hearing within the period prescribed in section ~~4(f)~~ **4(h)** or ~~4(g)~~ **4(i)** of this chapter does not constitute notice to the person of an Indiana board final determination.

(e) The county executive may petition for judicial review to the tax court in the manner prescribed in this section upon request by the county assessor or elected township assessor.

(f) If the county executive determines upon a request under this subsection to not appeal to the tax court:

(1) the entity described in subsection (b) that made the original determination under appeal under this section may take an appeal to the tax court in the manner prescribed in this section using funds from that entity's budget; and

(2) the petitioner may not be represented by the attorney general in an action described in subdivision (1).

(g) If the maximum time elapses for the Indiana board to give notice of its final determination under subsection (a) or section 4 of this chapter, a person may initiate a proceeding for judicial review by taking the action required by subsection (b) at any time after the maximum time elapses. If:

(1) a judicial proceeding is initiated under this subsection; and

(2) the Indiana board has not issued a determination;

the tax court shall determine the matter de novo.

SECTION 29. IC 6-1.1-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) If the assessment of tangible property is corrected by the department of local government finance or the county property tax assessment board of appeals under section 8 of this chapter, the owner of the property has a right to appeal the final determination of the corrected assessment to the Indiana board. The county executive also has a right to appeal the final determination of the reassessment by the department of local government finance or the county property tax assessment board of appeals but only upon request by the county assessor or elected township assessor.

(b) An appeal under this section must be initiated in the manner prescribed in section 3 of this chapter or IC 6-1.5-5.

SECTION 30. IC 6-1.1-17-20 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 20. (a) This section applies:

(1) to each governing body of a taxing unit that is not comprised

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of a majority of officials who are elected to serve on the governing body; and

(2) if the proposed property tax levy:

**(A) for the taxing unit (other than a public library) for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the taxing unit for the current calendar year; or**

**(B) for the operating budget of a public library for the ensuing calendar year is more than five percent (5%) greater than the property tax levy for the operating budget of the public library for the current calendar year.**

(b) As used in this section, "taxing unit" has the meaning set forth in IC 6-1.1-1-21, except that the term does not include a school corporation.

**(c) This subsection does not apply to a public library. If:**

(1) the assessed valuation of a taxing unit is entirely contained within a city or town; or

(2) the assessed valuation of a taxing unit is not entirely contained within a city or town but the taxing unit was originally established by the city or town;

the governing body shall submit its proposed budget and property tax levy to the city or town fiscal body. The proposed budget and levy shall be submitted at least fourteen (14) days before the city or town fiscal body is required to hold budget approval hearings under this chapter.

**(d) This subsection does not apply to a public library.** If subsection (c) does not apply, the governing body of the taxing unit shall submit its proposed budget and property tax levy to the county fiscal body in the county where the taxing unit has the most assessed valuation. The proposed budget and levy shall be submitted at least fourteen (14) days before the county fiscal body is required to hold budget approval hearings under this chapter.

**(e) This subsection applies to a public library. The library board of a public library subject to this section shall submit its proposed budget and property tax levy to the fiscal body designated under IC 20-14-14.**

~~(e)~~ **(f) Subject to subsection (g), the fiscal body of the city, town, or county (whichever applies) or the fiscal body designated under IC 20-14-14 (in the case of a public library) shall review each budget and proposed tax levy and adopt a final budget and tax levy for the taxing unit. The fiscal body may reduce or modify but not increase the proposed budget or tax levy.**

**(g) A fiscal body's review under subsection (f) is limited to the**

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**proposed operating budget of the public library and the proposed property tax levy for the library's operating budget.**

SECTION 31. IC 6-1.1-18-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. ~~If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 or IC 6-1.1-18.5, the provisions of the latter two (2) chapters (a) Except as provided in subsection (b), the provisions of IC 6-1.1-19 or IC 6-1.1-18.5 control if there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 or IC 6-1.1-18.5~~ with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

**(b) Notwithstanding the maximum permissible ad valorem property tax levy calculated for a civil taxing unit under IC 6-1.1-18.5-3, a civil taxing unit may not increase its ad valorem property tax levy for a particular year by more than one-third (1/3) of the civil taxing unit's unused maximum levy capacity determined under IC 6-1.1-18.5-3.**

SECTION 32. IC 6-1.1-18.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means **either of the following:**

**(1) In the case of a civil taxing unit that does not adopt a resolution or an ordinance to restore unused maximum levy capacity for property taxes first due and payable in 2006,** the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

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(2) In the case of a civil taxing unit that adopts a resolution or an ordinance to restore maximum levy capacity for property taxes first due and payable in 2006, the sum of the following:

(A) The civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

(B) The amount of the civil taxing unit's unused levy capacity restored for property taxes first due and payable in 2006.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year.

SECTION 33. IC 6-1.1-18.5-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter do not apply to ad valorem property taxes imposed by a civil taxing unit if the civil taxing unit is committed to levy the taxes to pay or fund either:

- (1) bonded indebtedness; or
- (2) lease rentals under a lease with an original term of at least five (5) years.

(b) A civil taxing unit must file a petition requesting approval from the department of local government finance to incur bonded indebtedness or execute a lease with an original term of at least five (5) years, **if the bonded indebtedness or lease is payable from ad valorem property taxes. The petition must be filed** not later than twenty-four (24) months after the first date of publication of notice of

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a preliminary determination under IC 6-1.1-20-3.1(2), unless the civil taxing unit demonstrates that a longer period is reasonable in light of the civil taxing unit's facts and circumstances. A civil taxing unit must obtain approval from the department of local government finance before the civil taxing unit may ~~(+)~~ incur the bonded indebtedness or ~~(2)~~ enter into the lease. The department of local government finance may seek recommendations from the local government tax control board established by section 11 of this chapter when determining whether to authorize incurring the bonded indebtedness or the execution of the lease. **The local government tax control board shall provide information to the department that the department considers necessary to determine the estimated impact of the issuance of bonds or execution of a lease on the civil taxing unit's ad valorem property tax rate. Subject to subsection (c), the department of local government finance may:**

(1) approve or disapprove the proposed bond issue or lease agreement; or

(2) approve an alternative financing arrangement by:

(A) reducing the amount of the proposed bond issue or lease agreement;

(B) modifying other terms of the proposed bond issue or lease agreement;

(C) approving the use of other funding mechanisms that are available to the civil taxing unit to cover all or part of the costs that would be covered by the proposed bond issue or lease agreement;

(D) modifying the scope of the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, structure, or other public improvement; or

(E) any combination of the methods described in clauses (A) through (D).

(c) In determining whether to approve or disapprove a proposed bond issue or lease agreement or to approve an alternative financing arrangement, the department of local government finance shall consider the following factors:

(1) Whether the proposed bond issue or lease agreement is unnecessary or excessive.

(2) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public

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improvement, whether the civil taxing unit has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(3) Whether an excessive impact on the civil taxing unit's ad valorem property tax rate will result from:

(A) the issuance of the bonds or execution of the lease agreement; and

(B) with respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, structure, or other public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated civil taxing units for similar projects.

(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the building, structure, or public improvement will be made available to residents of the civil taxing unit for uses other than those planned by the civil taxing unit.

(6) Any other pertinent matter.

~~(c)~~ (d) The department of local government finance shall render a decision within three (3) months after the date it receives a request for approval under subsection (b). However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the civil taxing unit. A civil taxing unit may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

~~(d)~~ (e) A civil taxing unit does not need approval under subsection (b) to obtain temporary loans made in anticipation of and to be paid from current revenues of the civil taxing unit actually levied and in the

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course of collection for the fiscal year in which the loans are made.

(f) For purposes of computing the ad valorem property tax levy limits imposed on a civil taxing unit by section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a calendar year does not include that part of its levy that is committed to fund or pay bond indebtedness or lease rentals with an original term of five (5) years in subsection (a).

(g) A taxpayer may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than thirty (30) days after the department enters its order under this section.

SECTION 34. IC 6-1.1-18.5-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Except as provided in subsection (i)**, as used in this section, "levy excess" means the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17.

(b) A civil taxing unit's levy excess is valid and may not be contested on the grounds that it exceeds the civil taxing unit's levy limit for the applicable calendar year. However, the civil taxing unit shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the civil taxing unit's levy excess fund.

(c) The chief fiscal officer of a civil taxing unit may invest money in the civil taxing unit's levy excess fund in the same manner in which money in the civil taxing unit's general fund may be invested. However, any income derived from investment of the money shall be deposited in and becomes a part of the levy excess fund.

(d) The department of local government finance shall require a civil taxing unit to include the amount in its levy excess fund in the civil taxing unit's budget fixed under IC 6-1.1-17.

(e) Except as provided by subsection (f), a civil taxing unit may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits imposed under this chapter, a civil taxing unit shall treat the money in its levy excess fund that the department of local government finance permits it to spend during a particular calendar year as part of its ad valorem property tax levy for that same calendar year.

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(f) A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a civil taxing unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would, notwithstanding this subsection, be deposited in the levy excess fund of a civil taxing unit for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the unit for that year.

**(i) A levy excess does not include delinquent taxes actually collected in the current year by a civil taxing unit that were first due and payable in a calendar year after 2003.**

SECTION 35. IC 6-1.1-19-1.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.7. (a) **Except as provided in subsection (i)**, as used in this section, "levy excess" means that portion of the ad valorem property tax levy actually collected by a school corporation, for taxes first due and payable during a particular calendar year, which exceeds the school corporation's total levy, as approved by the department of local government finance under IC 6-1.1-17, for those property taxes.

(b) A school corporation's levy excess is valid, and the general fund portion of a school corporation's levy excess may not be contested on the grounds that it exceeds the school corporation's general fund levy limit for the applicable calendar year. However, the school corporation shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the school corporation's levy excess fund.

(c) The chief fiscal officer of a school corporation may invest money in the school corporation's levy excess fund in the same manner in which money in the school corporation's general fund may be invested. However, any income derived from investment of the money shall be deposited in and become a part of the levy excess fund.

(d) The department of local government finance shall require a school corporation to include the amount in the school corporation's levy excess fund in the school corporation's budget fixed under IC 6-1.1-17.

(e) Except as provided in subsection (f), a school corporation may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits fixed under this chapter, a school corporation

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shall treat the money in its levy excess fund that the department of local government finance permits the school corporation to spend during a particular calendar year as part of the school corporation's ad valorem property tax levy for that same calendar year.

(f) A school corporation may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the school corporation as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a school corporation may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would be deposited in the levy excess fund of a school corporation for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the school corporation for that year.

**(i) A levy excess does not include delinquent taxes actually collected in the current year by a school corporation that were first due and payable in a calendar year after 2003.**

SECTION 36. IC 6-1.1-19-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. (a) A school corporation must file a petition requesting approval from the department of local government finance to incur bond indebtedness, enter into a lease rental agreement, or repay from the debt service fund loans made for the purchase of school buses under IC 20-9.1-6-5 not later than twenty-four (24) months after the first date of publication of notice of a preliminary determination under IC 6-1.1-20-3.1(2), unless the school corporation demonstrates that a longer period is reasonable in light of the school corporation's facts and circumstances. A school corporation must obtain approval from the department of local government finance before the school corporation may:

- (1) incur the indebtedness;
- (2) enter into the lease agreement; or
- (3) repay the school bus purchase loan.

This restriction does not apply to ad valorem property taxes which a school corporation levies to pay or fund bond or lease rental indebtedness created or incurred before July 1, 1974.

**(b) Subject to subsection (c) and sections 4.2 and 4.6 of this chapter, the department of local government finance may: either**

- (1) approve or disapprove or modify then approve a school corporation's proposed lease rental agreement, bond issue, or school bus purchase loan; or**
- (2) approve an alternative financing arrangement by:**

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(A) reducing the amount of the proposed bond issue, lease rental agreement, or school bus purchase loan;

(B) modifying other terms of the proposed bond issue, lease rental agreement, or school bus purchase loan;

(C) approving the use of other funding mechanisms that are available to the school corporation to cover all or part of the costs that would be covered by the proposed bond issue, lease rental agreement, or school bus purchase loan;

(D) modifying the scope of:

(i) the proposed project, in the case of bonds to be issued or a lease to be entered into for the acquisition, construction, renovation, improvement, or expansion of a building, structure, or other public improvement; or

(ii) the proposed purchase, in the case of a school bus purchase loan; or

(E) any combination of the methods described in clauses (A) through (D).

(c) In determining whether to approve or disapprove a proposed bond issue, lease rental agreement, or school bus purchase loan, or to approve an alternative financing arrangement, the department of local government finance shall consider the following factors:

(1) Whether the proposed bond issue, lease rental agreement, or school bus purchase loan is unnecessary or excessive.

(2) With respect to a proposed bond issue or lease rental agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the school corporation has demonstrated that an adequate source of funding will be available to cover annual costs of operating, maintaining, and repairing the building, structure, or public improvement; or

(3) Whether an excessive impact on the tax rates, fees, or other charges imposed by the school corporation will result from:

(A) the issuance of the bonds or execution of the lease rental agreement or school bus purchase loan;

(B) with respect to a proposed bond issue or lease rental agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, the annual costs of operating, maintaining, and repairing the building, structure, or public improvement; and

(C) with respect to a proposed school bus purchase loan,

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the annual costs of operating, maintaining, and repairing the vehicles to be purchased with the loan.

(4) Whether any costs of acquiring, constructing, renovating, improving, or expanding a building, structure, or other public improvement that are to be financed through the issuance of bonds or execution of a lease are comparable to the costs incurred for those purposes by other similarly situated political subdivisions for similar projects.

(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the building, structure, or public improvement will be made available to residents of the school corporation for uses other than those planned by the school corporation.

(6) Any other pertinent matter.

Before it approves or disapproves a proposed lease rental agreement, bond issue or school bus purchase loan, the department of local government finance may seek the recommendation of the tax control board.

~~(c)~~ (d) The department of local government finance shall render a decision not more than three (3) months after the date it receives a request for approval under subsection (a). However, the department of local government finance may extend this three (3) month period by an additional three (3) months if, at least ten (10) days before the end of the original three (3) month period, the department sends notice of the extension to the executive officer of the school corporation. A school corporation may petition for judicial review of the final determination of the department of local government finance under this section. The petition must be filed in the tax court not more than forty-five (45) days after the department enters its order under this section.

~~(d)~~ (e) After December 31, 1995, the department of local government finance may not approve a school corporation's proposed lease rental agreement or bond issue to finance the construction of additional classrooms unless the school corporation first:

- (1) establishes that additional classroom space is necessary; and
- (2) conducts a feasibility study, holds public hearings, and hears public testimony on using a twelve (12) month school term (instead of the nine (9) month school term (as defined in IC 20-10.1-2-2)) rather than expanding classroom space.

~~(e)~~ (f) This section does not apply to school bus purchase loans made by a school corporation which will be repaid solely from the

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1 general fund of the school corporation.

2 (f) (g) A taxpayer may petition for judicial review of the final  
3 determination of the department of local government finance under this  
4 section. The petition must be filed in the tax court not more than thirty  
5 (30) days after the department enters its order under this section.

6 SECTION 37. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE  
7 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE  
8 JANUARY 1, 2005 (RETROACTIVE)]:

9 **Chapter 20.6. Credit for Excessive Homestead Property Taxes**

10 **Sec. 1. As used in this chapter:**

11 (1) "homestead" has the meaning set forth in IC 6-1.1-20.9-1;  
12 and

13 (2) "property tax liability" means liability for the tax imposed  
14 on property under this article determined after application of  
15 all credits and deductions under this article, except the credit  
16 under this chapter, but does not include any interest or  
17 penalty imposed under this article.

18 **Sec. 2. A county fiscal body:**

19 (1) may adopt an ordinance to authorize the application of the  
20 credit under this chapter for one (1) or more calendar years  
21 to homesteads in the county; and

22 (2) must adopt an ordinance under subdivision (1) before July  
23 1 of a calendar year to authorize the credit under this chapter  
24 for property taxes first due and payable in the immediately  
25 succeeding calendar year.

26 **Sec. 3. If the credit under this chapter is authorized under**  
27 **section 2 of this chapter for property taxes first due and payable in**  
28 **a calendar year:**

29 (1) a person is entitled to a credit against the person's  
30 property tax liability for property taxes first due and payable  
31 in that calendar year attributable to the person's homestead  
32 located in the county; and

33 (2) the amount of the credit is the amount by which the  
34 person's property tax liability attributable to the person's  
35 homestead for property taxes first due and payable in that  
36 calendar year exceeds two percent (2%) of the gross assessed  
37 value that is the basis for determination of property taxes on  
38 the homestead for property taxes first due and payable in that  
39 calendar year.

40 **Sec. 4. A person is not required to file an application for the**  
41 **credit under this chapter. The county auditor shall:**

42 (1) identify homesteads in the county eligible for the credit

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under this chapter; and

(2) apply the credit under this chapter to property tax liability on the identified homesteads.

Sec. 5. (a) The fiscal body of a county may adopt an ordinance to authorize the county fiscal officer to borrow money repayable over a term not to exceed five (5) years in an amount sufficient to compensate the political subdivisions located wholly or in part in the county for the reduction of property tax collections in a calendar year that results from the application of the credit under this chapter for that calendar year.

(b) The county fiscal officer shall distribute in a calendar year to each political subdivision located wholly or in part in the county loan proceeds under subsection (a) for that calendar year in the amount by which the property tax collections of the political subdivision in that calendar year are reduced as a result of the application of the credit under this chapter for that calendar year.

(c) If the county fiscal officer distributes money to political subdivisions under subsection (b), the political subdivisions that receive the distributions shall repay the loan under subsection (a) over the term of the loan. Each political subdivision that receives a distribution under subsection (b):

(1) shall:

(A) appropriate for each year in which the loan is to be repaid an amount sufficient to pay the part of the principal and interest on the loan attributable to the distribution received by the political subdivision under subsection (b); and

(B) subject to subsection (d), raise revenue in each year in which the loan is to be repaid in the amount necessary to meet the appropriation under clause (A); and

(2) other than the county, shall transfer to the county fiscal officer money dedicated under this section to repayment of the loan in time to allow the county to meet the loan repayment schedule.

(d) A political subdivision that receives tax revenue under IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue must use that source of revenue for the purpose of subsection (c)(1)(B) before raising revenue from another source for that purpose.

(e) Property taxes imposed under subsection (c)(1)(B) are subject to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19.

(f) The obligation to:

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1           (1) repay; or  
 2           (2) contribute to the repayment of;  
 3   the loan under subsection (a) is not a basis for a political  
 4   subdivision to obtain an excessive tax levy under IC 6-1.1-18.5 or  
 5   IC 6-1.1-19.

6           (g) The application of the credit under this chapter results in a  
 7   reduction of the property tax collections of each political  
 8   subdivision in which the credit is applied. A political subdivision  
 9   may not increase its property tax levy to make up for that  
 10   reduction.

11          SECTION 38. IC 6-1.1-22-5 IS AMENDED TO READ AS  
 12   FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. On or before  
 13   March 15 of each year, the county auditor shall prepare and deliver to  
 14   the auditor of state and the county treasurer a certified copy of an  
 15   abstract of the property, assessments, taxes, deductions, and  
 16   exemptions for taxes payable in that year in each taxing district of the  
 17   county. The county auditor shall prepare the abstract in such a manner  
 18   that the information concerning property tax deductions reflects the  
 19   total amount of each type of deduction. The abstract shall also contain  
 20   a statement of the taxes and penalties unpaid in each taxing unit **and**  
 21   **the amount of taxes deferred under IC 6-1.1-45** at the time of the  
 22   last settlement between the county auditor and county treasurer and the  
 23   status of these delinquencies **and deferred taxes**. The county auditor  
 24   shall prepare the abstract on the form prescribed by the state board of  
 25   accounts. The **offices of the** auditor of state, county auditor, and county  
 26   treasurer shall each keep a copy of the abstract ~~in his office~~ as a public  
 27   record.

28          SECTION 39. IC 6-1.1-22-6 IS AMENDED TO READ AS  
 29   FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The county  
 30   treasurer shall keep a register of taxes and special assessments in the  
 31   manner and on the form prescribed by the state board of accounts. ~~He~~  
 32   **The county treasurer** shall enter:

- 33           (1) each payment of the taxes and special assessments in the  
 34           register on the day the payment is received; **and**  
 35           (2) **each deferral of the payment of property taxes in the**  
 36           **register on the day the taxes would otherwise be due if the**  
 37           **taxes had not been deferred under IC 6-1.1-45.**

38          SECTION 40. IC 6-1.1-22-8 IS AMENDED TO READ AS  
 39   FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county  
 40   treasurer shall either:

- 41           (1) mail to the last known address of each person liable for any  
 42           property taxes or special assessment, as shown on the tax

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duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book a statement of current and delinquent taxes and special assessments; or

(2) transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records a statement of current and delinquent taxes and special assessments.

(b) The county treasurer may include the following in the statement:

(1) An itemized listing for each property tax levy, including:

(A) the amount of the tax rate;

(B) the entity levying the tax owed; and

(C) the dollar amount of the tax owed.

(2) Information designed to inform the taxpayer or mortgagee clearly and accurately of the manner in which the taxes billed in the tax statement are to be used.

A form used and the method by which the statement and information, if any, are transmitted must be approved by the state board of accounts. The county treasurer may mail or transmit the statement and information, if any, one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(c) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the collection of taxes in cities and towns in the county other than the county seat.

(d) Before July 1, 2004, the department of local government finance shall designate five (5) counties to participate in a pilot program to implement the requirements of subsection (e). The department shall immediately notify the county treasurer, county auditor, and county assessor in writing of the designation under this subsection. The legislative body of a county not designated for participation in the pilot program may adopt an ordinance to implement the requirements of subsection (e). The legislative body shall submit a copy of the

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ordinance to the department of local government finance, which shall monitor the county's implementation of the requirements of subsection (e) as if the county were a participant in the pilot program. The requirements of subsection (e) apply:

(1) only in:

(A) a county designated to participate in a pilot program under this subsection, for property taxes first due and payable after December 31, 2004, and before January 1, 2008; or

(B) a county adopting an ordinance under this subsection, for property taxes first due and payable after December 31, 2003, or December 31, 2004 (as determined in the ordinance), and before January 1, 2008; and

(2) in all counties for taxes first due and payable after December 31, 2007.

(e) Subject to subsection (d), regardless of whether a county treasurer transmits a statement of current and delinquent taxes and special assessments to a person liable for the taxes under subsection (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer shall mail the following information to the last known address of each person liable for the property taxes or special assessments or to the last known address of the most recent owner shown in the transfer book. The county treasurer shall mail the information not later than the date the county treasurer transmits a statement for the property under subsection (a)(1) or (a)(2). The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included on the form. The information that must be provided is the following:

(1) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(2) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

(3) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current

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- 1 year.
- 2 (4) An explanation of the following:
- 3 (A) The homestead credit and all property tax deductions.
- 4 (B) The procedure and deadline for filing for the homestead
- 5 credit and each deduction.
- 6 (C) The procedure that a taxpayer must follow to:
- 7 (i) appeal a current assessment; or
- 8 (ii) petition for the correction of an error related to the
- 9 taxpayer's property tax and special assessment liability.
- 10 (D) The forms that must be filed for an appeal or petition
- 11 described in clause (C).
- 12 The department of local government finance shall provide the
- 13 explanation required by this subdivision to each county treasurer.
- 14 (5) A checklist that shows:
- 15 (A) the homestead credit and all property tax deductions; and
- 16 (B) whether the homestead credit and each property tax
- 17 deduction applies in the current statement for the property
- 18 transmitted under subsection (a)(1) or (a)(2).
- 19 (f) The information required to be mailed under subsection (e) must
- 20 be simply and clearly presented and understandable to the average
- 21 individual.
- 22 (g) A county that incurs:
- 23 (1) initial computer programming costs directly related to
- 24 implementation of the requirements of subsection (e); or
- 25 (2) printing costs directly related to mailing information under
- 26 subsection (e);
- 27 shall submit an itemized statement of the costs to the department of
- 28 local government finance for reimbursement from the state. The
- 29 treasurer of state shall pay a claim approved by the department of local
- 30 government finance and submitted under this section on a warrant of
- 31 the auditor of state. However, the treasurer of state may not pay any
- 32 additional claims under this subsection after the total amount of claims
- 33 paid reaches fifty thousand dollars (\$50,000).
- 34 **(h) The county treasurer shall include the following in a**
- 35 **statement concerning residential real property (other than**
- 36 **property known by the county treasurer to be rental property) that**
- 37 **is distributed under subsection (a) after May 15, 2005:**
- 38 **(1) A brief description of the availability of the property tax**
- 39 **deferral program under IC 6-1.1-45.**
- 40 **(2) If the property has been approved for the deferral of**
- 41 **property taxes:**
- 42 **(A) the minimum required payment that must be made on**

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each installment due date to maintain eligibility for the deferral of property taxes under IC 6-1.1-45;

(B) a separate statement of the amount of property taxes that would otherwise be due and payable by each installment date that may be deferred under IC 6-1.1-45;

(C) the control number assigned under IC 6-1.1-45 to the application for deferral that is in effect;

(D) the cumulative total of the property taxes deferred under IC 6-1.1-45 in the current year and all prior years, if the amount is greater than zero dollars (\$0); and

(E) the cumulative total of interest accruing on property taxes deferred under IC 6-1.1-45, if the amount is greater than zero dollars (\$0).

The information provided under this subsection must be in the form prescribed by the department of local government finance.

SECTION 41. IC 6-1.1-22-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in IC 6-1.1-7-7, **IC 6-1.1-45**, section 9.5 of this chapter, and subsection (b), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(c) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent taxes.

(d) Notwithstanding any other law, a property tax liability of less than five dollars (\$5) is increased to five dollars (\$5). The difference between the actual liability and the five dollar (\$5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

SECTION 42. IC 6-1.1-22-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) A person who is liable for property taxes under IC 6-1.1-2-4, **including property taxes deferred under IC 6-1.1-45 after the deferred taxes become due**, is personally liable for the taxes and all penalties, cost, and

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collection expenses, including reasonable attorney's fees and court costs, resulting from late payment of the taxes.

(b) A person's liability under this section may be enforced by any legal remedy, including a civil lawsuit instituted by a county treasurer or a county executive to collect delinquent taxes. One (1) action may be initiated to collect all taxes, penalties, cost, and collection expenses levied against a person in the same county for one (1) or more years. However, an action may not be initiated to enforce the collection of taxes after ten (10) years from the first Monday in May of the year in which the taxes first became due. An action initiated within the ten (10) year period may be prosecuted to termination.

**(c) In addition to any other method of collection authorized under this article, the department of state revenue may collect:**

**(1) property taxes deferred under IC 6-1.1-45, after the deferred taxes become due; and**

**(2) all interest, penalties, costs, and collection expenses, including reasonable attorney's fees and court costs accruing under this article, after the deferred taxes become due under IC 6-1.1-45;**

**as a listed tax.**

SECTION 43. IC 6-1.1-22-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) The state acquires a lien on each tract of real property for all property taxes levied against the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b), and all subsequent penalties and cost resulting from the taxes. This lien attaches on the assessment date of the year for which the taxes are assessed. The lien is not affected by any sale or transfer of the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b), including the sale, exchange, or lease of the tract under IC 36-1-11.

(b) The lien of the state for taxes, penalties, and cost continues for ten (10) years from May 10 of the year in which the taxes first become due. **For purposes of IC 6-1.1-45, the due date is the date to which property taxes are deferred under IC 6-1.1-45.** However, if any proceeding is instituted to enforce the lien within the ten (10) year period, the limitation is extended, if necessary, to permit the termination of the proceeding.

(c) The lien of the state inures to taxing units which impose the property taxes on which the lien is based, and the lien is superior to all other liens.

(d) A taxing unit described in subsection (c) may institute a civil suit against a person or an entity liable for delinquent property taxes.

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The taxing unit may, after obtaining a judgment, collect:

- (1) delinquent real property taxes;
- (2) penalties due to the delinquency; and
- (3) costs and expenses incurred in collecting the delinquent property tax, including reasonable attorney's fees and court costs approved by a court with jurisdiction.

SECTION 44. IC 6-1.1-33.5-7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 7. (a) Not later than May 1 of each calendar year, the division of data analysis shall:**

**(1) prepare a report that includes:**

**(A) each political subdivision's total amount of expenditures per person during the immediately preceding calendar year, based on the political subdivision's population determined by the most recent federal decennial census; and**

**(B) based on the information prepared for all political subdivisions under clause (A), the highest, lowest, median, and average amount of expenditures per person for each type of political subdivision throughout Indiana.**

**(2) post the report on the web site maintained by the department of local government finance; and**

**(3) file the report:**

**(A) with the governor; and**

**(B) in an electronic format under IC 5-14-6 with the general assembly.**

**The report must be presented in a format that is understandable to the average individual and that permits easy comparison of the information prepared for each political subdivision under subdivision (1)(A) to the statewide information prepared for that type of political subdivision under subdivision (1)(B).**

**(b) The department of local government finance shall organize the report under subsection (a) to present together the information derived from each type of political subdivision.**

SECTION 45. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:

**Chapter 45. Property Tax Deferral Program**

**Sec. 1. This chapter applies to the deferral of property taxes for a qualified resident who for the year containing the assessment date for which property taxes are imposed:**

- (1) qualifies for a deduction as described in section 5 of this**

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chapter; or

(2) is a qualified surviving spouse.

Sec. 2. As used in this chapter, "base year" refers to the year determined under section 17(d), 18(d), 19(d), or 20(d) of this chapter.

Sec. 3. As used in this chapter, "minimum required payment" means the minimum amount that must be paid in a year to retain eligibility for the deferment of property taxes under this chapter, as determined under section 23 of this chapter.

Sec. 4. As used in this chapter, "property tax" refers to the amount of ad valorem property tax liability that would be first due and payable in a year on a qualified residence without any deferral of the taxes under this chapter. The term does not include the following:

(1) Special assessments chargeable against a qualified residence.

(2) Fees or charges that are included by law on a tax statement issued under IC 6-1.1-22-8 for parcels that include a qualified residence.

Sec. 5. As used in this chapter, "qualified residence" means real property, or a mobile home or manufactured home that is not assessed as real property, that:

(1) qualifies for a deduction under:

(A) IC 6-1.1-12-9; or

(B) IC 6-1.1-12-11; or

(2) would qualify for a deduction referred to in subdivision (1) if the qualified resident filed an application for the deduction.

Sec. 6. As used in this chapter, "qualified resident" means an individual who owns real property or a mobile home or manufactured home that is not assessed as real property, or is buying the real property or mobile home or manufactured home under contract, that qualifies for a deduction under:

(1) IC 6-1.1-12-9; or

(2) IC 6-1.1-12-11;

and who continuously uses the property as the individual's principal place of residence after the individual initially qualifies as a qualified resident.

Sec. 7. As used in this chapter, "qualified surviving spouse" means an individual who:

(1) is the surviving spouse of a qualified resident who was approved under this chapter to defer property taxes for the assessment date immediately preceding the individual's death,

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1 regardless of whether the deceased qualified resident elected  
2 to defer any property taxes;

3 (2) on the date that the qualified resident died, had the  
4 individual's principal place of residence at the same residence  
5 as the deceased qualified resident;

6 (3) continuously uses the residence as the surviving spouse's  
7 principal place of residence after the death of the qualified  
8 resident; and

9 (4) has not remarried.

10 Sec. 8. As used in this chapter, "taxpayer" means an individual  
11 or entity that is liable for property taxes imposed for a year.

12 Sec. 9. Beginning with property taxes first due and payable in  
13 2006, a qualified resident may, in conformity with this chapter,  
14 defer the due date for any part of the property tax liability imposed  
15 in a year that exceeds the minimum required payment.

16 Sec. 10. To qualify for the deferment of property taxes under  
17 this chapter, the taxpayer must do the following:

18 (1) Apply for deferment of property taxes to the auditor of the  
19 county in which the affected qualified residence is located in  
20 the manner and on the forms prescribed by the department of  
21 local government finance.

22 (2) Apply for deferment of property taxes not later than the  
23 later of the following:

24 (A) The date when the first installment for property taxes  
25 being deferred are first due and payable.

26 (B) If the county auditor determines that the failure to file  
27 a timely application is the result of an inadvertent error,  
28 the date specified by the county auditor.

29 (3) Demonstrate that the qualified residence was the principal  
30 place of residence of at least one (1) qualified resident or  
31 qualified surviving spouse on the assessment date for which  
32 property taxes are being deferred.

33 (4) Demonstrate that the owners of the qualified residence  
34 meet any conditions established by rule adopted by the  
35 department of local government finance under IC 4-22-2 that  
36 are reasonably necessary to protect the government's interest  
37 in recovering taxes deferred under this chapter when the  
38 deferred taxes become due.

39 (5) Demonstrate that there are no delinquent property taxes  
40 of record for the qualified residence on the assessment date  
41 for which property taxes are being deferred.

42 Sec. 11. Upon receipt of an application under section 10 of this

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chapter, the county auditor shall:

- (1) notify the county treasurer that the application has been received in the manner and form prescribed by the department of local government finance; and
- (2) determine whether the qualified residence qualifies for deferment of property taxes.

Sec. 12. The county auditor shall notify:

- (1) the taxpayer in writing;
- (2) the county treasurer in the manner and form prescribed by the department of local government finance; and
- (3) if the application is approved, the department of local government finance in the manner and form prescribed by the department of local government finance;

of the county auditor's determination concerning the application. The due date for property taxes that are the subject of a good faith application for deferment of property taxes is deferred under the date that the county auditor notifies the taxpayer of the county auditor's determination concerning the application.

Sec. 13. (a) A qualified residence that is approved under this chapter for the deferral of property taxes continues to be eligible for the deferment of property taxes in subsequent years without the refiling of an application under section 10 of this chapter as long as:

- (1) the qualified residence continues to be the principal place of residence for a qualified resident identified in the application or the qualified surviving spouse of the qualified resident; and
- (2) the minimum required payments for the qualified residence are made by the later of:
  - (A) the due date; or
  - (B) if the county auditor determines that a payment was not made for a reason authorized under rules adopted under IC 4-22-2 by the department of local government finance, the date set by the county auditor.

(b) A taxpayer for the qualified residence shall notify in the manner and form prescribed by the department of local government finance the auditor of the county in which the qualified residence is located of any change in ownership of the qualified residence regardless of whether the change affects the eligibility of the qualified residence for deferment under this chapter.

(c) If an event results in:

- (1) deferred property taxes becoming due under this chapter;

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1 or

2 (2) ineligibility of the qualified residence for further  
3 deferment of property taxes;  
4 a taxpayer for the qualified residence shall, within thirty (30) days  
5 after the event, notify the auditor of the county in which the  
6 qualified residence is located of the disqualifying event in the  
7 manner and form prescribed by the department of local  
8 government finance.

9 (d) The county auditor and county treasurer shall:

10 (1) allow the deferment of property taxes that would  
11 otherwise be first due and payable in a year for a qualified  
12 residence that has been approved for deferment under this  
13 chapter; and

14 (2) continue to defer the accumulated amount of unpaid  
15 property taxes and interest accruing on property taxes  
16 deferred from a preceding year;

17 unless the county auditor determines that the qualified residence  
18 is no longer eligible for deferment.

19 (e) The county auditor shall notify the:

20 (1) taxpayer;

21 (2) county treasurer; and

22 (3) department of local government finance;

23 in the manner and form prescribed by the department of local  
24 government finance of the county auditor's determination  
25 concerning an event described in subsection (c).

26 Sec. 14. (a) A taxpayer for a qualified residence shall notify the  
27 county treasurer of the amount of property taxes that the taxpayer  
28 seeks to defer under this chapter in the manner and form  
29 prescribed by the department of local government finance.

30 (b) The department of local government finance shall provide  
31 procedures for notification under this section:

32 (1) on an annual basis; or

33 (2) on a continuing or multiyear basis;

34 at the election of the taxpayer. The department of local government  
35 finance shall allow a taxpayer to combine a notification of the  
36 amount to be deferred with an application filed under section 10 of  
37 this chapter. If the notice is combined with an application, the  
38 county auditor shall forward the notice to the county treasurer in  
39 the manner and form specified by the department of local  
40 government finance. The department of local government finance  
41 shall allow the taxpayer to designate what percentage of the  
42 amount to be deferred will be deferred in each installment due in

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that year.

(c) To apply to property taxes due in a year, a notice under this section that describes the amount to be deferred in that year must be filed not later than the following:

(1) The date the first installment of the deferred taxes is due.

(2) If the county treasurer determines that the failure to file a timely application is the result of an inadvertent error, the date specified by the county treasurer.

Sec. 15. The county treasurer shall allow the deferment in any particular year of not more than the lesser of the following:

(1) The amount that the taxpayer requests be deferred.

(2) The property tax liability exceeding the minimum required payment.

If the taxpayer designates the percentage of the deferment to apply to an installment date, the county treasurer shall apply the deferment as requested by the taxpayer. Otherwise the county treasurer shall apply the deferment in the manner prescribed by the department of local government finance.

Sec. 16. The county auditor shall calculate the initial year threshold amount for the base year of each qualified residence. In performing the calculation, the addition of a negative number shall be treated as reducing the sum.

Sec. 17. (a) This section applies to a qualified residence if the qualified residence:

(1) was the principal place of residence of an individual that qualifies as a qualified resident on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; and

(2) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP FOURTEEN of the following formula:

STEP ONE: Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002.

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**STEP TWO: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; multiplied by

(B) one and twenty-five hundredths (1.25).

**STEP THREE: Determine the lesser of the STEP ONE result or the STEP TWO result.****STEP FOUR: Determine the result of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.

**STEP FIVE: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; multiplied by

(B) one and one-tenth (1.1).

**STEP SIX: Determine the lesser of the STEP FOUR result or the STEP FIVE result.****STEP SEVEN: Determine the result of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

**STEP EIGHT: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; multiplied by

(B) one and one-tenth (1.1).

**STEP NINE: Determine the lesser of the STEP SEVEN result or the STEP EIGHT result.**

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**STEP TEN: Determine the result of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

**STEP ELEVEN: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by

(B) one and one-tenth (1.1).

**STEP TWELVE: Determine the lesser of the STEP TEN result or the STEP ELEVEN result.****STEP THIRTEEN: Determine the sum of the following:**

(A) STEP THREE result.

(B) STEP SIX result.

(C) STEP NINE result.

(D) STEP TWELVE result.

**STEP FOURTEEN: Determine the greater of the STEP THREE result or the STEP THIRTEEN result.**

(c) If on an assessment date after March 1, 2001, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

(1) The result determined under subsection (b) without considering the effects of the improvement or the addition.

(2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.

**(d) The following is the base year for the qualified residence:**

(1) 2005, to the extent the qualified residence consists of real property.

(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

**Sec. 18. (a) This section applies to a qualified residence if the qualified residence:**

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(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; and

(3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP TWELVE of the following formula:

**STEP ONE:** Determine the property tax liability for the qualified residence that is imposed for the assessment date in March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.

**STEP TWO:** Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.

**STEP THREE:** Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; multiplied by

(B) one and one-tenth (1.1).

**STEP FOUR:** Determine the lesser of the STEP TWO result or the STEP THREE result.

**STEP FIVE:** Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1),

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- 1                   **January 15, 2004.**
- 2                   **STEP SIX: Determine the product of:**
- 3                    (A) the property tax liability for the qualified residence
- 4                    that is imposed for the assessment date on March 1, 2003,
- 5                    or in the case of a mobile home (as defined in IC 6-1.1-7-1),
- 6                    January 15, 2004; multiplied by
- 7                    (B) one and one-tenth (1.1).
- 8                   **STEP SEVEN: Determine the lesser of the STEP FIVE result**
- 9                   **or the STEP SIX result.**
- 10                  **STEP EIGHT: Determine the result of:**
- 11                  (A) the property tax liability for the qualified residence
- 12                  that is imposed for the assessment date on March 1, 2005,
- 13                  or in the case of a mobile home (as defined in IC 6-1.1-7-1),
- 14                  January 15, 2006; minus
- 15                  (B) the property tax liability for the qualified residence
- 16                  that is imposed for the assessment date on March 1, 2004,
- 17                  or in the case of a mobile home (as defined in IC 6-1.1-7-1),
- 18                  January 15, 2005.
- 19                  **STEP NINE: Determine the product of:**
- 20                  (A) the property tax liability for the qualified residence
- 21                  that is imposed for the assessment date on March 1, 2004,
- 22                  or in the case of a mobile home (as defined in IC 6-1.1-7-1),
- 23                  January 15, 2005; multiplied by
- 24                  (B) one and one-tenth (1.1).
- 25                  **STEP TEN: Determine the lesser of the STEP EIGHT result**
- 26                  **or the STEP NINE result.**
- 27                  **STEP ELEVEN: Determine the sum of the following:**
- 28                  (A) STEP FOUR result.
- 29                  (B) STEP SEVEN result.
- 30                  (C) STEP TEN result.
- 31                  **STEP TWELVE: Determine the greater of the STEP ONE**
- 32                  **result or the STEP ELEVEN result.**
- 33                  (c) If on an assessment date after March 1, 2002, and before
- 34                  March 2, 2005, the assessed value of the qualified residence is
- 35                  increased by an improvement to real property or an addition of
- 36                  real property, the property tax liability attributable to the
- 37                  improvement or addition shall be excluded from the calculations
- 38                  under subsection (b). In this case, the initial year threshold amount
- 39                  for the base year is the sum of the following:
- 40                  (1) The result determined under subsection (b) without
- 41                  considering the effects of the improvement or the addition.
- 42                  (2) The property tax liability attributable to the improvement

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or addition for the March 1, 2005, assessment date.

(d) The following is the base year for the qualified residence:

(1) 2005, to the extent the qualified residence consists of real property.

(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

Sec. 19. (a) This section applies to a qualified residence if the qualified residence:

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; and

(3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP NINE of the following formula:

STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

STEP TWO: Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

STEP THREE: Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; multiplied by

(B) one and one-tenth (1.1).

STEP FOUR: Determine the lesser of the STEP TWO result or the STEP THREE result.

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**STEP FIVE: Determine the result of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

**STEP SIX: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by

(B) one and one-tenth (1.1).

**STEP SEVEN: Determine the lesser of the STEP FIVE result or the STEP SIX result.**

**STEP EIGHT: Determine the sum of the following:**

(A) STEP FOUR result.

(B) STEP SEVEN result.

**STEP NINE: Determine the greater of the STEP ONE result or the STEP EIGHT result.**

(c) If on an assessment date after March 1, 2003, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

(1) The result determined under subsection (b) without considering the effects of the improvement or the addition.

(2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.

(d) The following is the base year for the qualified residence:

(1) 2005, to the extent the qualified residence consists of real property.

(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

**Sec. 20. (a) This section applies to a qualified residence if the qualified residence:**

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a

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qualified resident on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; and

(3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP FIVE of the following formula:

STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

STEP TWO: Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

STEP THREE: Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by

(B) one and one-tenth (1.1).

STEP FOUR: Determine the lesser of the STEP TWO result or the STEP THREE result.

STEP FIVE: Determine the greater of the STEP ONE result or the STEP FOUR result.

(c) If on an assessment date after March 1, 2004, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

(1) The result determined under subsection (b) without

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considering the effects of the improvement or the addition.

(2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.

(d) The following is the base year for the qualified residence:

(1) 2005, to the extent the qualified residence consists of real property.

(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

Sec. 21. (a) This section applies to a qualified residence if the qualified residence:

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on an assessment date after March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), after January 15, 2006; and

(3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) The initial year threshold amount for the base year is the property tax liability imposed for the assessment date described in subsection (a)(2).

(c) The year containing the assessment date described in subsection (a)(2) is the base year.

Sec. 22. (a) For each year after the base year, the auditor of the county in which the qualified residence is located shall adjust the threshold amount under this section. In performing the calculation, the addition of a negative number shall be treated as reducing the sum.

(b) Subject to subsection (c) the threshold amount for a year is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the last assessment date for which a threshold amount was calculated without considering any deferral made under this chapter.

STEP TWO: Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date immediately following the last assessment date for which a threshold amount was calculated without considering any deferral

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- 1           made under this chapter; minus  
 2           (B) the STEP ONE result.  
 3       **STEP THREE: Determine the product of:**  
 4           (A) the STEP ONE result; multiplied by  
 5           (B) one and one-tenth (1.1).  
 6       **STEP FOUR: Determine the lesser of the STEP TWO result**  
 7       **or the STEP THREE result.**  
 8       **STEP FIVE: Determine the sum of the threshold amount for**  
 9       **the immediately preceding year and the STEP FOUR result.**  
 10       **STEP SIX: Determine the greater of the threshold amount for**  
 11       **the immediately preceding year or the STEP FIVE result.**  
 12       (c) If after the last assessment date for which a threshold  
 13       amount was calculated the assessed value of the qualified residence  
 14       is increased by an improvement to real property or an addition of  
 15       real property, the property tax liability attributable to the  
 16       improvement or addition shall be excluded from the calculations  
 17       under subsection (b). In this case, a separate initial year threshold  
 18       amount shall be calculated for the improvement or addition. On  
 19       the assessment date on which the improvement or addition is first  
 20       assessed to the qualified residence, the initial year threshold  
 21       amount is the property tax liability increase attributable to the  
 22       improvement or addition. For purposes of applying subsection (b)  
 23       in subsequent years, the base year is the year containing the  
 24       assessment date on which the improvement or addition is first  
 25       assessed to the qualified residence. The threshold amount for the  
 26       qualified residence is the sum of the calculations for the qualified  
 27       residence determined without considering the improvements or  
 28       additions and the calculations for each improvement or addition.  
 29       **Sec. 23. (a) The county treasurer shall annually determine the**  
 30       **following:**  
 31           (1) The minimum required payment for the most current  
 32           assessment date.  
 33           (2) The maximum amount of property tax liability that may  
 34           be deferred for the assessment date.  
 35       (b) The minimum required payment is the lesser of the  
 36       following:  
 37           (1) The total tax liability due for the assessment date.  
 38           (2) The threshold amount calculated for the assessment date.  
 39       (c) The amount that may be deferred for any particular  
 40       assessment date is the greater of the following:  
 41           (1) Zero dollars (\$0).  
 42           (2) The result of the:

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(A) property tax liability due for the assessment date;  
minus

(B) minimum required payment for the assessment date.

(d) The county treasurer shall notify the county auditor of the amount of the minimum required payment and the amount that may be deferred in a year.

Sec. 24. An amount of property taxes deferred in a particular year does not accrue interest until the fifth year after it would have otherwise have been due if it had not been deferred. Beginning in the fifth year on the installment date on which the property taxes would otherwise have been due, the amount deferred for that particular year accrues interest at the rate set under IC 6-8.1-10-1 for delinquent listed taxes. The due date for the payment of accrued interest is deferred until the earlier of the following:

(1) The date the property taxes on which the interest accrues are due.

(2) The date that a taxpayer pays the accrued deferred property taxes.

Sec. 25. The amount of any unpaid property taxes deferred in any particular year is not due until after the later of the following:

(1) The date that all of the qualified residents named in the application for property tax deferral cease to qualify as qualified residents.

(2) The date that no surviving spouse of a qualified resident named in an application for property tax deferral qualifies as a surviving spouse.

If ownership is transferred in exchange for anything of value, the unpaid property taxes and any accrued interest are due on the next business day after the transfer. Otherwise, the unpaid property taxes and accrued interest are due on the next regular installment date for the payment of property taxes.

Sec. 26. Any taxpayer for the qualified residence may appeal an adverse decision under section 12, 13, 15, or 25 of this chapter in the same manner that appeals may be taken under IC 6-1.1-15. Any taxpayer for the qualified residence may become a party to the appeal.

Sec. 27. (a) If deferred property taxes or accrued interest are not paid by the due date, the property taxes and interest shall be treated as delinquent property taxes under this article and as a delinquent tax liability under IC 6-8.1. The county auditor, in the manner prescribed by the department of local government finance, shall notify the department of local government finance of the

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delinquency not later than fifteen (15) days after the taxes become delinquent. The department of local government finance shall notify the department of state revenue of the delinquency.

(b) A county shall collect the delinquent liability in the manner that other delinquent property taxes are collected.

Sec. 28. The county auditor and the county treasurer shall separately account for:

(1) property taxes that are subject to an application for deferral under this chapter; and

(2) property taxes deferred under this chapter and interest imposed under this chapter.

Sec. 29. (a) Not later than the settlement date after property taxes are deferred under this chapter, the county treasurer shall send:

(1) an electronic copy of a notice of the amount of property taxes deferred on each qualified residence and interest imposed on deferred property taxes since the immediately preceding settlement date to the department of local government finance; and

(2) if the qualified residence consists of real property, a written copy of the notice of property taxes deferred on the qualified residence since the immediately preceding settlement date to the county recorder.

(b) The notice must be sent in the form prescribed by the department of local government finance.

(c) The notice submitted to the county recorder must contain at least the following information:

(1) The name of each person liable for the deferred property taxes under IC 6-1.1-2-4.

(2) The control number assigned to the corresponding application for deferral.

(3) The index number assigned under IC 6-1.1-5-2 for the qualified residence or, if an index system is not used in the county, a description of the county, township, block, and parcel or lot in which the qualified residence is located.

(4) The amount of property taxes that were deferred and interest imposed on deferred property taxes on each qualified residence since the last settlement date.

(5) The part of the deferred property taxes that is attributable to property taxes imposed by the state.

(6) The total amount of all property taxes deferred and interest imposed on deferred property taxes on all qualified

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residences since the last settlement date.

**Sec. 30. When deferred property taxes or interest on deferred property taxes are paid, the county treasurer shall:**

- (1) record the payment;
- (2) notify the county auditor of the payment;
- (3) if the payment is for real property, submit a written release of the lien for the amount of the payment to the county recorder for recording in the miscellaneous records of the county recorder; and
- (4) notify the department of local government finance of the payment in the form prescribed by the department of local government finance.

**Sec. 31. The county recorder shall record a:**

- (1) statement of the amount of property tax deferred and interest imposed on deferred property taxes;
  - (2) statement of payment of deferred property taxes and interest on deferred property taxes; and
  - (3) notice of termination of a deferral;
- without charge, in the miscellaneous records of the county recorder.

**Sec. 32. Subject to this chapter, the county treasurer shall distribute:**

- (1) amounts collected from deferred property taxes; and
  - (2) penalties and interest collected on deferred property taxes;
- to each taxing unit in the county in proportion to the property taxes levied by the taxing unit in the year of collection. The amount distributed under this section shall be treated as miscellaneous revenue.

**Sec. 33. In making distributions under this chapter, the county treasurer may make a settlement of amounts owing to each other rather than making separate distributions.**

**Sec. 34. (a) Except:**

- (1) as required by federal law or regulation;
- (2) in the case of a loan that is made, guaranteed, or insured by a federal government lending or insuring agency requiring the borrower to make payments to a lender with respect to an escrow or other type of account; or
- (3) in a case in which this section would impair the obligations of a borrower under an agreement executed before July 1, 2005;

a lender shall not require a borrower to maintain an escrow or other type of account with regard to taxes for which the borrower

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has elected to defer taxes under this chapter.

(b) For purposes of applying this section, an election to defer taxes in any year shall be treated as an election to defer a similar amount of taxes in later years except to the extent that the borrower notifies the lender of different terms.

(c) Any payments made by the borrower to the escrow or other type of account with regard to taxes, before the time of submission of the evidence of tax deferral, for any period, if not previously used in payment or partial payment of taxes, shall be refunded to the borrower within thirty (30) days after the payment is made.

SECTION 46. IC 6-1.5-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) After receiving a petition for review that is filed under a statute listed in section 1(a) of this chapter, the Indiana board shall, at its earliest opportunity:

(1) conduct a hearing; or

(2) cause a hearing to be conducted by an administrative law judge.

The Indiana board may determine to conduct the hearing under subdivision (1) on its own motion or on request of a party to the appeal.

(b) In its resolution of a petition, the Indiana board may:

(1) assign:

(A) full;

(B) limited; or

(C) no;

evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and

(2) correct any errors that may have been made, and adjust the assessment in accordance with the correction.

(c) The Indiana board shall give notice of the date fixed for the hearing by mail to:

(1) the taxpayer;

(2) the department of local government finance; and

(3) the appropriate:

(A) township assessor;

(B) county assessor; and

(C) county auditor.

(d) With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notices required under subsection (c) must include the following:

(1) The action of the department of local government finance with respect to the appealed items.

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(2) A statement that a taxing unit receiving the notice from the county auditor under subsection (e) may:

(A) attend the hearing;

(B) offer testimony; and

(C) file an amicus curiae brief in the proceeding.

A taxing unit that receives a notice from the county auditor under subsection (e) is not a party to the appeal.

(e) If, after receiving notice of a hearing under subsection (c), the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

~~(d)~~ (f) The Indiana board shall give the notices required under subsection (c) at least thirty (30) days before the day fixed for the hearing.

SECTION 47. IC 6-1.5-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. After the hearing, the Indiana board shall give the petitioner, the township assessor, the county assessor, the county auditor, **the affected taxing units required to be notified under section 2(e) of this chapter**, and the department of local government finance:

(1) notice, by mail, of its final determination, findings of fact, and conclusions of law; and

(2) notice of the procedures the petitioner or the department of local government finance must follow in order to obtain court review of the final determination of the Indiana board.

SECTION 48. IC 6-3.1-1-3 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: **Sec. 3. A taxpayer (as defined in the following laws), pass through entity (as defined in the following laws), or shareholder, partner, or member of a pass through entity may not be granted more than one (1) tax credit under the following laws for the same project:**

(1) IC 6-3.1-10 (enterprise zone investment cost credit).

(2) IC 6-3.1-11 (industrial recovery tax credit).

(3) IC 6-3.1-11.5 (military base recovery tax credit).

(4) IC 6-3.1-11.6 (military base investment cost credit).

(5) IC 6-3.1-13.5 (capital investment tax credit).

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(6) IC 6-3.1-19 (community revitalization enhancement district tax credit).

(7) IC 6-3.1-24 (venture capital investment tax credit).

(8) IC 6-3.1-26 (Hoosier business investment tax credit).

If a taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity has been granted more than one (1) tax credit for the same project, the taxpayer, pass through entity, or shareholder, partner, or member of a pass through entity must elect to apply only one (1) of the tax credits in the manner and form prescribed by the department.

SECTION 49. IC 6-3.1-13-15, AS AMENDED BY P.L.4-2005, SECTION 71, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. This section applies to an application proposing a project to create new jobs in Indiana. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines that all of the following conditions exist:

(1) The applicant's project will create new jobs that were not jobs previously performed by employees of the applicant in Indiana.

(2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment in Indiana and strengthening the economy of Indiana.

(3) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not creating new jobs in Indiana.

(4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(5) The credit is not prohibited by section 16 of this chapter.

**(6) If the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement.**

SECTION 50. IC 6-3.1-13-15.5, AS AMENDED BY P.L.4-2005, SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15.5. This section applies to an application proposing to retain existing jobs in Indiana. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines

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that all the following conditions exist:

(1) The applicant's project will retain existing jobs performed by the employees of the applicant in Indiana.

(2) The applicant provides evidence that there is at least one (1) other competing site outside Indiana that is being considered for the project or for the relocation of jobs.

(3) A disparity is identified, using the best available data, in the projected costs for the applicant's project in Indiana compared with the costs for the project in the competing site.

(4) The applicant is engaged in research and development, manufacturing, or business services (as defined in the Standard Industrial Classification Manual of the United States Office of Management and Budget).

(5) The average compensation (including benefits) provided to the applicant's employees during the applicant's previous fiscal year exceeds the average compensation paid during that same period to all employees in the county in which the applicant's business is located by at least five percent (5%).

(6) The applicant employs at least two hundred (200) employees in Indiana.

(7) The applicant has prepared a plan for the use of the credits under this chapter for:

(A) investment in facility improvements or equipment and machinery upgrades, repairs, or retrofits; or

(B) other direct business related investments, including but not limited to training.

(8) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project, and not receiving the tax credit will increase the likelihood of the applicant reducing jobs in Indiana.

(9) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

(10) The applicant's business and project are economically sound and will benefit the people of Indiana by increasing or maintaining opportunities for employment and strengthening the economy of Indiana.

(11) The communities affected by the potential reduction in jobs or relocation of jobs to another site outside Indiana have committed ~~at least one dollar and fifty cents (\$1.50) of local incentives with respect to the retention of jobs for every three dollars (\$3) in credits provided under this chapter. in an amount~~

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**determined by the corporation.** For purposes of this subdivision, local incentives include, but are not limited to, cash grants, tax abatements, infrastructure improvements, investment in facility rehabilitation, construction, and training investments.

(12) The credit is not prohibited by section 16 of this chapter.

**(13) If the business is located in a community revitalization enhancement district established under IC 36-7-13 or a certified technology park established under IC 36-7-32, the legislative body of the political subdivision establishing the district or park has adopted an ordinance recommending the granting of a credit amount that is at least equal to the credit amount provided in the agreement.**

SECTION 51. IC 6-3.1-13-17, AS AMENDED BY P.L.4-2005, SECTION 74, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 17. In determining the credit amount that should be awarded to an applicant under section 15 of this chapter that proposes a project to create jobs in Indiana, the corporation shall take into consideration the following factors:

(1) The economy of the county where the projected investment is to occur.

(2) The potential impact on the economy of Indiana.

(3) The incremental payroll attributable to the project.

(4) The capital investment attributable to the project.

(5) The amount the average wage paid by the applicant exceeds the average wage paid within the county in which the project will be located.

(6) The costs to Indiana and the affected political subdivisions with respect to the project.

(7) The financial assistance and incentives that are otherwise provided by Indiana and the affected political subdivisions.

**(8) The extent to which the incremental income tax withholdings attributable to the applicant's project are needed for the purposes of an incremental tax financing fund or industrial development fund under IC 36-7-13 or a certified technology park fund under IC 36-7-32.**

As appropriate, the corporation shall consider the factors in this section to determine the credit amount awarded to an applicant for a project to retain existing jobs in Indiana under section 15.5 of this chapter. In the case of an applicant under section 15.5 of this chapter, the corporation shall consider the magnitude of the cost differential between the projected costs for the applicant's project in the competing site outside Indiana and the projected costs for the applicant's project in Indiana.

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SECTION 52. IC 6-3.1-13-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) The ~~board~~ **corporation** shall determine the amount and duration of a tax credit awarded under this chapter. The duration of the credit may not exceed ten (10) taxable years. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which case the ~~excess may, at the discretion of the corporation, be refunded to the taxpayer~~ **may carry the excess credit over for a period not to exceed the taxpayer's following two (2) taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit amount.**

(b) For state fiscal years 2004, ~~and 2005~~, **2006, and 2007**, the aggregate amount of credits awarded under this chapter for projects to retain existing jobs in Indiana may not exceed five million dollars (\$5,000,000) per year.

SECTION 53. IC 6-3.1-13-19, AS AMENDED BY P.L.4-2005, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. In the case of a credit awarded for a project to create new jobs in Indiana, the corporation shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

- (1) A detailed description of the project that is the subject of the agreement.
- (2) The duration of the tax credit and the first taxable year for which the credit may be claimed.
- (3) The credit amount that will be allowed for each taxable year.
- (4) A requirement that the taxpayer shall maintain operations at the project location for at least two (2) ~~times the number of years as the term of following the last taxable year in which the applicant claims the tax credit or carries over an unused portion of the tax credit under section 18 of this chapter.~~ A taxpayer is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.
- (5) A specific method for determining the number of new

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employees employed during a taxable year who are performing jobs not previously performed by an employee.

(6) A requirement that the taxpayer shall annually report to the corporation the number of new employees who are performing jobs not previously performed by an employee, the new income tax revenue withheld in connection with the new employees, and any other information the director needs to perform the director's duties under this chapter.

(7) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (6), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(8) A requirement that the taxpayer shall provide written notification to the director and the corporation not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(9) Any other performance conditions that the corporation determines are appropriate.

SECTION 54. IC 6-3.1-13-19.5, AS AMENDED BY P.L.4-2005, SECTION 77, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19.5. (a) In the case of a credit awarded for a project to retain existing jobs in Indiana, the corporation shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the business that is the subject of the agreement.

(2) The duration of the tax credit and the first taxable year for which the credit may be claimed.

(3) The credit amount that will be allowed for each taxable year.

(4) A requirement that the applicant shall maintain operations at the project location for at least two (2) ~~times the number of years as the term of following the last taxable year in which the applicant claims~~ the tax credit or carries over an unused portion of the tax credit under section 18 of this chapter. An applicant is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.

(5) A requirement that the applicant shall annually report the following to the corporation:

(A) The number of employees who are employed in Indiana by the applicant.

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(B) The compensation (including benefits) paid to the applicant's employees in Indiana.

(C) The amount of the:

(i) facility improvements;

(ii) equipment and machinery upgrades, repairs, or retrofits;  
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(iii) other direct business related investments, including training.

(6) A requirement that the applicant shall provide written notification to the director and the corporation not more than thirty (30) days after the applicant makes or receives a proposal that would transfer the applicant's state tax liability obligations to a successor taxpayer.

(7) A requirement that the chief executive officer of the company applying for a credit under this chapter must verify under penalty of perjury that the disparity between projected costs of the applicant's project in Indiana compared with the costs for the project in a competing site is real and actual.

(8) Any other performance conditions that the corporation determines are appropriate.

(b) An agreement between an applicant and the corporation must be submitted to the budget committee for review and must be approved by the budget agency before an applicant is awarded a credit under this chapter for a project to retain existing jobs in Indiana.

SECTION 55. IC 6-3.1-19-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 4. If the amount of the credit determined under section 3 of this chapter for a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over ~~to~~ **for not more than nine (9) of** the immediately following taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit.

SECTION 56. IC 6-3.1-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. ~~(a)~~ The total amount of a tax credit claimed **for a taxable year** under this chapter equals ~~thirty ten percent (30%)~~ **(10%)** of the amount of a qualified investment made by the taxpayer in Indiana **during that taxable year**.

~~(b) In the taxable year in which a taxpayer makes a qualified investment, the taxpayer may claim a credit under this chapter in an amount equal to the lesser of:~~

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(1) thirty percent (30%) of the amount of the qualified investment; or

(2) the taxpayer's state tax liability growth.

The taxpayer may carry forward any unused credit.

SECTION 57. IC 6-3.1-26-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) A taxpayer may carry forward an unused credit for not more than ~~nine (9)~~ **five (5)** consecutive taxable years beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the ~~lesser of the following~~:

(1) ~~The taxpayer's state tax liability growth.~~

(2) ~~The~~ unused part of a credit allowed under this chapter.

(c) A taxpayer may:

(1) claim a tax credit under this chapter for a qualified investment; and

(2) carry forward a remainder for one (1) or more different qualified investments;

in the same taxable year.

(d) The total amount of each tax credit claimed under this chapter may not exceed ~~thirty ten~~ percent (~~30%~~) **(10%)** of the qualified investment for which the tax credit is claimed.

SECTION 58. IC 6-3.1-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. If a pass through entity does not have state tax liability ~~growth~~ against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

SECTION 59. IC 6-3.1-26-18, AS AMENDED BY P.L.4-2005, SECTION 107, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. After receipt of an application, the corporation may enter into an agreement with the applicant for a credit under this chapter if the corporation determines that all the following conditions exist:

(1) ~~The applicant has conducted business in Indiana for at least one (1) year immediately preceding the date the application is received.~~

(2) **(1)** The applicant's project will raise the total earnings of employees of the applicant in Indiana.

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~~(3)~~ (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

~~(4)~~ (3) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.

~~(5)~~ (4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

~~(6)~~ (5) The credit is not prohibited by section 19 of this chapter.

~~(7)~~ (6) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

SECTION 60. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

**Chapter 29. State New Markets Tax Credit**

**Sec. 1. As used in this chapter, "applicable percentage" means the following:**

(1) One percent (1%) for the first three (3) credit allowance dates.

(2) Two percent (2%) for the remainder of the credit allowance dates.

**Sec. 2. As used in this chapter, "certified equity investment" refers to a qualified equity investment certified under this chapter for a tax credit.**

**Sec. 3. As used in this chapter, "credit" refers to a state new markets tax credit granted under this chapter against state tax liability.**

**Sec. 4. As used in this chapter, "credit allowance date" means the following with respect to any certified equity investment:**

(1) The date on which the certified equity investment is initially made.

(2) Each of the six (6) annual anniversary dates immediately following the date described in subdivision (1).

**Sec. 5. As used in this chapter, "holder", with respect to a credit allowance date, refers to one (1) of the following:**

(1) The taxpayer or pass through entity that makes the original qualified equity investment, if the taxpayer or pass

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through entity owns the qualified equity investment on a credit allowance date.

(2) A subsequent taxpayer or pass through entity that owns the qualified equity investment on a credit allowance date.

Sec. 6. As used in this chapter, "pass through entity" means a:

(1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);

(2) partnership;

(3) trust;

(4) limited liability company; or

(5) limited liability partnership.

Sec. 7. As used in this chapter, "qualified equity investment" has the meaning set forth in Section 45D of the Internal Revenue Code.

Sec. 8. As used in this chapter, "qualified low-income community investments" has the meaning set forth in Section 45D of the Internal Revenue Code.

Sec. 9. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

(1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);

(2) IC 27-1-18-2 (the insurance premiums tax); and

(3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 10. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or another entity that has any state tax liability.

Sec. 11. Subject to this chapter, a taxpayer that:

(1) holds a certified equity investment on a credit allowance date; and

(2) does not receive another credit under this article for the same certified equity investment;

is entitled to a state new markets tax credit in the taxable year in which the credit allowance date occurs against the taxpayer's state tax liability for the taxable year.

Sec. 12. The amount of the credit in a taxable year is equal to the amount determined under STEP THREE of the following formula:

STEP ONE: Determine the amount of the qualified equity investment that is:

(A) held by the taxpayer on the credit allowance date in the taxable year; and

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(B) certified under this chapter as a certified equity investment.

**STEP TWO:** Multiply the STEP ONE amount by the applicable percentage for the credit allowance date.

**STEP THREE:** Multiply the STEP TWO amount by:

(A) the tax credit adjustment factor approved by the Indiana economic development corporation established by IC 5-28-3-1

(B) eighty-five hundredths (0.85), if clause (A) does not apply.

**Sec. 13. (a) If:**

(1) a pass through entity does not have state income tax liability against which the tax credit provided by this chapter may be applied; and

(2) the pass through entity would be eligible for a tax credit under this chapter if the pass through entity were a taxpayer; a shareholder, partner, or member of the pass through entity is entitled to a tax credit under this chapter.

(b) Subject to this chapter, the amount of the tax credit to which a shareholder, partner, or member of a pass through entity is entitled is equal to:

(1) the tax credit determined for the pass through entity for the taxable year as if the pass through entity were a taxpayer with state tax liability in the amount of the tax credit; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

**Sec. 14. (a)** If the amount of the tax credit provided under this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to not more than three (3) subsequent taxable years. The amount of the tax credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a tax credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused tax credit.

**Sec. 15. (a)** To receive the tax credit for a qualified investment under this chapter, a taxpayer or a pass through entity must:

(1) make a qualified equity investment; and

(2) be certified by the Indiana economic development

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corporation to receive a tax credit for the qualified equity investment.

(b) The Indiana economic development corporation shall establish a program to certify qualified equity investments as eligible for a tax credit.

(c) The amount of tax credits allowed under this chapter may not exceed one million dollars (\$1,000,000) in a state fiscal year. Applicants for a tax credit that:

(1) make a qualified equity investment;

(2) are eligible to receive a federal tax credit under Section 45D of the Internal Revenue Code for the qualified equity investment; and

(3) apply to the Indiana economic development corporation in the manner and on the form prescribed by the Indiana economic development corporation;

shall be certified for a tax credit in the amount of each applicant's qualified equity investment in the order in which the applicants apply to the Indiana economic development corporation for tax credits until the maximum amount of tax credits allowed under this section for a state fiscal year has been allocated among qualifying applicants. However, the Indiana economic development corporation may provide a procedure for an applicant denied a tax credit solely as a result of the cap imposed by this subsection to be given priority in the award of a tax credit in a subsequent state fiscal year.

(d) The certification of a tax credit under this section applies only to credit allowance dates that occur after the certification is made.

(e) If the state new markets tax credits allocated to the taxpayer or pass through entity are disallowed or recaptured under this chapter, the Indiana economic development corporation may reallocate the unused tax credits to another qualified applicant in the order in which qualifying applications are filed with the Indiana economic development corporation.

Sec. 16. (a) A taxpayer or pass through entity that holds a certified equity investment may apply to the Indiana economic development corporation to establish the tax credit adjustment factor that applies to the taxpayer or pass through entity.

(b) The Indiana economic development corporation shall establish a program to approve tax credit adjustment factors under this section for qualifying applicants. The Indiana economic development corporation may provide a procedure for combining

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an application for a tax credit for a qualified investment under section 15 of this chapter with an application for a tax credit adjustment factor under this section.

(c) If the applicant applies for the tax credit adjustment factor in the manner and on the form prescribed by the Indiana economic development corporation, the Indiana economic development corporation shall approve a tax credit adjustment factor for the applicant that is equal to the percentage of the aggregate gross assets of the entity in which the certified equity investment was made that the Indiana economic development corporation determines are invested by the entity in qualified low-income community investments.

(d) An approval granted under this section applies to the taxable years specified by the Indiana economic development corporation.

Sec. 17. To receive the tax credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. A taxpayer claiming a credit under this chapter shall submit to the department a copy of the certification letter issued by the Indiana economic development corporation under section 15 of this chapter and any state new markets tax credit adjustment approval letter provided under this chapter. The taxpayer shall submit to the department the information that the department determines is necessary for the department to determine whether the taxpayer is eligible for the tax credit.

Sec. 18. (a) The holder of a certified equity investment shall notify the department and the Indiana economic development corporation if the federal tax credit granted for the certified equity investment under Section 45D of the Internal Revenue Code is disallowed or otherwise recaptured under Section 45D of the Internal Revenue Code.

(b) If the federal tax credit is disallowed or otherwise recaptured, the department or the Indiana economic development corporation may:

- (1) disallow the use of a part of the unused tax credits;
- (2) recapture a part of the tax credit that has been applied to the state tax liability of a taxpayer; or
- (3) both disallow under subdivision (1) and recapture under subdivision (2).

The percentage of the tax credit that may be disallowed and recaptured under this subsection is equal to the percentage of the total federal credit that is disallowed or otherwise recaptured

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under Section 45D of the Internal Revenue Code.

**Sec. 19. The department or the Indiana economic development corporation or both, may adopt under IC 4-22-2 any rules that may be necessary to carry out the purposes of this chapter, including rules to facilitate the transfer of credits earned under this chapter.**

SECTION 61. IC 6-3.5-7-25 IS AMENDED TO READ AS FOLLOWS[EFFECTIVE MARCH 31, 2005 (RETROACTIVE)]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after January 1 but before ~~April~~ **June** 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;
- (2) must specify the calendar years to which the ordinance applies; and
- (3) must specify that the certified distribution must be used to provide for:
  - (A) uniformly applied increased homestead credits as provided in subsection (f); or
  - (B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection ~~(g)~~; **(i)**; and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

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(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;

(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

(2) an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

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(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

- (1) an ordinance under subsection (c); and
- (2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. **However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.**

SECTION 62. IC 6-3.5-7-25.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 25.5. Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of homestead credit determined under section 25(h)(2) of this chapter if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county.**

SECTION 63. IC 6-3.5-7-26 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 26. (a) This section applies only to homestead credits for property taxes first due and payable after calendar year 2006.

(b) For purposes of this section, "adopting entity" means:

- (1) the entity that adopts an ordinance under IC 6-1.1-12-41(f); or
- (2) any other entity that may impose a county economic development income tax under section 5 of this chapter.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1 but before April 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and

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(2) must specify that the certified distribution must be used to provide for:

(A) uniformly applied increased homestead credits as provided in subsection (f); or

(B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

(1) retained by the county auditor under subsection ~~(g)~~; (i); and  
(2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;  
(2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and  
(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(2)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and

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(2) **except as provided in subsection (j)**, an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

(1) as if the money were from property tax collections; and

(2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

**(j) Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of homestead credit determined under subsection (h)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county.**

SECTION 64. IC 20-14-14 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

#### **Chapter 14. Review of Budgets of Appointed Boards**

**Sec. 1. Before an appointed library board described in IC 6-1.1-17-20(a)(2)(B) may impose a property tax levy for the operating budget of a public library for the ensuing calendar year that is more than five percent (5%) greater than the property tax levy for the operating budget of the public library for the current calendar year, the library board must submit its proposed budget and property tax levy to the appropriate fiscal body under section 2 of this chapter.**

**Sec. 2. An appointed library board subject to section 1 of this chapter shall submit its proposed operating budget and property tax levy for the operating budget to the following fiscal body at least fourteen (14) days before the first meeting of the county board of tax adjustment under IC 6-1.1-29-4:**

**(1) If the library district is located entirely within the corporate boundaries of a municipality, the fiscal body of the**

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municipality.

(2) If the library district:

(A) is not described by subdivision (1); and

(B) is located entirely within the boundaries of a township;  
the fiscal body of the township.

(3) If the library district is not described by subdivision (1) or  
(2), the fiscal body of each county in which the library district  
is located.

SECTION 65. IC 36-1-8-8.5 IS ADDED TO THE INDIANA CODE  
AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY  
1, 2005]: Sec. 8.5. (a) If a unit receives money under an economic  
development agreement with the licensed owner of a riverboat, the  
money may be used:

(1) to reduce the property tax levy of the unit for a particular  
year (a property tax reduction under this subdivision does not  
reduce the maximum levy of the unit under IC 6-1.1-18.5);  
and

(2) for any other legal or corporate purpose of the unit.

(b) If a unit receives money under an agreement to share  
revenue that another unit received under an economic development  
agreement with the licensed owner of a riverboat, the money may  
be used:

(1) to reduce the property tax levy of the unit for a particular  
year (a property tax reduction under this subdivision does not  
reduce the maximum levy of the unit under IC 6-1.1-18.5);  
and

(2) for any other legal or corporate purpose of the unit.

SECTION 66. IC 36-1-8-9 IS AMENDED TO READ AS  
FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) Each unit that  
receives tax revenue under IC 4-33-12-6, IC 4-33-13, or an agreement  
to share a city's or county's part of the tax revenue A unit may establish  
a riverboat fund. A riverboat fund established under this section  
consists of:

(1) tax revenue received by the unit under IC 4-33-12-6 or  
IC 4-33-13;

(2) money received under an agreement to share tax revenue  
that another unit received under IC 4-33-12-6 or IC 4-33-13;

(3) money received under an economic development  
agreement with the licensed owner of a riverboat; or

(4) money received under an agreement to share revenue that  
another unit received under an economic development  
agreement with the licensed owner of a riverboat.

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(b) Money in the fund may be used:

**(1) to reduce the property tax levy of the unit for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the unit under IC 6-1.1-18.5); and**

**(2) for any legal or corporate purpose of the unit.**

~~(b)~~ (c) The riverboat fund established under subsection (a) shall be administered by the unit's treasurer, and the expenses of administering the fund shall be paid from money in the fund. Money in the fund not currently needed to meet the obligations of the fund may be invested in the same manner as other public funds may be invested. Interest that accrues from these investments shall be deposited in the fund. Money in the fund at the end of a particular fiscal year does not revert to the unit's general fund.

SECTION 67. IC 36-7-13-3.4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.4. (a) Except as provided in subsection (b), as used in this chapter, "income tax incremental amount" means the remainder of:

(1) the aggregate amount of state and local income taxes paid by employees employed in a district with respect to wages earned for work in the district for a particular state fiscal year; minus

(2) the **sum of the:**

**(A) income tax base period amount; and**

**(B) tax credits awarded by the Indiana economic development corporation under IC 6-3.1-13 to businesses operating in a district as the result of wages earned for work in the district for the state fiscal year;**

as determined by the department of state revenue under section 14 of this chapter.

(b) For purposes of a district designated under section 12.1 of this chapter, "income tax incremental amount" means seventy-five percent (75%) of the amount described in subsection (a).

SECTION 68. IC 36-7-13-10.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 10.5. (a) This section applies only to a county that meets the following conditions:

(1) The county's annual rate of unemployment has been above the average annual statewide rate of unemployment during at least three (3) of the preceding five (5) years.

(2) The median income of the county has:

**(A) declined over the preceding ten (10) years; or**

**(B) has grown at a lower rate than the average annual statewide growth in median income during at least three (3) of**

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1 the preceding five (5) years.

2 (3) The population of the county (as determined by the legislative  
3 body of the county) has declined over the preceding ten (10)  
4 years.

5 (b) Except as provided in section 10.7 of this chapter, in a county  
6 described in subsection (a), the legislative body of the county may  
7 adopt an ordinance designating an unincorporated part or  
8 unincorporated parts of the county as a district, and the legislative body  
9 of a municipality located within the county may adopt an ordinance  
10 designating a part or parts of the municipality as a district, if the  
11 legislative body finds all of the following:

12 (1) The area to be designated as a district contains a building or  
13 buildings that:

14 (A) have a total of at least fifty thousand (50,000) square feet  
15 of usable interior floor space; and

16 (B) are vacant or will become vacant due to the relocation of  
17 the employer or the cessation of operations on the site by the  
18 employer.

19 (2) Significantly fewer persons are employed in the area to be  
20 designated as a district than were employed in the area during the  
21 year that is ten (10) years previous to the current year.

22 (3) There are significant obstacles to redevelopment in the area  
23 due to any of the following problems:

24 (A) Obsolete or inefficient buildings.

25 (B) Aging infrastructure or inefficient utility services.

26 (C) Utility relocation requirements.

27 (D) Transportation or access problems.

28 (E) Topographical obstacles to redevelopment.

29 (F) Environmental contamination or remediation.

30 (c) A legislative body adopting an ordinance under subsection (b)  
31 shall designate the duration of the district. However, a district must  
32 terminate not later than fifteen (15) years after the income tax  
33 incremental amount or gross retail incremental amount is first allocated  
34 to the district.

35 (d) Except as provided in section 10.7 of this chapter, upon adoption  
36 of an ordinance designating a district, the legislative body shall:

37 (1) **publish notice of the adoption and substance of the**  
38 **resolution in accordance with IC 5-3-1; and**

39 (2) **file the following information with each taxing unit in the**  
40 **county where the district is located:**

41 (A) **A copy of the notice required by subdivision (1).**

42 (B) **A statement disclosing the impact of the district,**

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including the following:

(i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(e) Upon completion of the actions required by subsection (d), the legislative body shall submit the ordinance to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on an ordinance designating a district within one hundred twenty (120) days after the date that the ordinance is submitted to the budget committee, the designation of the district by the ordinance is considered approved.

~~(e)~~ (f) Except as provided in section 10.7 of this chapter, when considering the designation of a district by an ordinance adopted under this section, the budget committee and the budget agency must make the following findings before approving the designation of the district:

(1) The area to be designated as a district meets the conditions necessary for the designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

~~(f)~~ (g) Except as provided in section 10.7 of this chapter, the income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the designation of the district by the local ordinance is approved under this section.

SECTION 69. IC 36-7-13-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. (a) If a municipal or county executive has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it makes the findings described in subsection (b), (c), (d), or (e). In a county described in subsection (c), an advisory commission may designate more than one (1) district under subsection (c).

(b) For an area located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding

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all of the following:

- (1) The area contains a building or buildings:
    - (A) with at least one million (1,000,000) square feet of usable interior floor space; and
    - (B) that is or are vacant or will become vacant due to the relocation of an employer.
  - (2) At least one thousand (1,000) fewer persons are employed in the area than were employed in the area during the year that is ten (10) years previous to the current year.
  - (3) There are significant obstacles to redevelopment of the area due to any of the following problems:
    - (A) Obsolete or inefficient buildings.
    - (B) Aging infrastructure or inefficient utility services.
    - (C) Utility relocation requirements.
    - (D) Transportation or access problems.
    - (E) Topographical obstacles to redevelopment.
    - (F) Environmental contamination.
  - (4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).
  - (5) The area is located in a county having a population of more than one hundred twenty thousand (120,000) but less than one hundred thirty thousand (130,000).
- (c) For a county having a population of more than one hundred eighteen thousand (118,000) but less than one hundred twenty thousand (120,000), an advisory commission may adopt a resolution designating not more than two (2) areas as districts. An advisory commission may designate an area as a district only after finding the following:
- (1) The area meets either of the following conditions:
    - (A) The area contains a building with at least seven hundred ninety thousand (790,000) square feet, and at least eight hundred (800) fewer people are employed in the area than were employed in the area during the year that is fifteen (15) years previous to the current year.
    - (B) The area contains a building with at least three hundred eighty-six thousand (386,000) square feet, and at least four hundred (400) fewer people are employed in the area than were employed in the area during the year that is fifteen (15) years previous to the current year.
  - (2) The area is located in or is adjacent to an industrial park.

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(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

- (A) Obsolete or inefficient buildings.
- (B) Aging infrastructure or inefficient utility services.
- (C) Utility relocation requirements.
- (D) Transportation or access problems.
- (E) Topographical obstacles to redevelopment.
- (F) Environmental contamination.

(4) The area is located in a county having a population of more than one hundred eighteen thousand (118,000) but less than one hundred twenty thousand (120,000).

(d) For an area located in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

- (1) The area contains a building or buildings:
  - (A) with at least one million five hundred thousand (1,500,000) square feet of usable interior floor space; and
  - (B) that is or are vacant or will become vacant.

(2) At least eighteen thousand (18,000) fewer persons are employed in the area at the time of application than were employed in the area before the time of application.

(3) There are significant obstacles to redevelopment of the area due to any of the following problems:

- (A) Obsolete or inefficient buildings.
- (B) Aging infrastructure or inefficient utility services.
- (C) Utility relocation requirements.
- (D) Transportation or access problems.
- (E) Topographical obstacles to redevelopment.
- (F) Environmental contamination.

(4) The unit has expended, appropriated, pooled, set aside, or pledged at least one hundred thousand dollars (\$100,000) for purposes of addressing the redevelopment obstacles described in subdivision (3).

(5) The area is located in a county having a population of more than two hundred thousand (200,000) but less than three hundred thousand (300,000).

(e) For an area located in a county having a population of more than three hundred thousand (300,000) but less than four hundred thousand (400,000), an advisory commission may adopt a resolution designating a particular area as a district only after finding all of the following:

- (1) The area contains a building or buildings:

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- 1 (A) with at least eight hundred thousand (800,000) gross
- 2 square feet; and
- 3 (B) having leasable floor space, at least fifty percent (50%) of
- 4 which is or will become vacant.
- 5 (2) There are significant obstacles to redevelopment of the area
- 6 due to any of the following problems:
- 7 (A) Obsolete or inefficient buildings as evidenced by a decline
- 8 of at least seventy-five percent (75%) in their assessed
- 9 valuation during the preceding ten (10) years.
- 10 (B) Transportation or access problems.
- 11 (C) Environmental contamination.
- 12 (3) At least four hundred (400) fewer persons are employed in the
- 13 area than were employed in the area during the year that is fifteen
- 14 (15) years previous to the current year.
- 15 (4) The area has been designated as an economic development
- 16 target area under IC 6-1.1-12.1-7.
- 17 (5) The unit has appropriated, pooled, set aside, or pledged at
- 18 least two hundred fifty thousand dollars (\$250,000) for purposes
- 19 of addressing the redevelopment obstacles described in
- 20 subdivision (2).
- 21 (6) The area is located in a county having a population of more
- 22 than three hundred thousand (300,000) but less than four hundred
- 23 thousand (400,000).
- 24 (f) The advisory commission, or the county or municipal legislative
- 25 body, in the case of a district designated under section 10.5 of this
- 26 chapter, shall designate the duration of the district. However, a district
- 27 must terminate not later than fifteen (15) years after the income tax
- 28 incremental amount or gross retail incremental amount is first allocated
- 29 to the district.
- 30 (g) Upon adoption of a resolution designating a district, the advisory
- 31 commission shall:
- 32 **(1) publish notice of the adoption and substance of the**
- 33 **resolution in accordance with IC 5-3-1; and**
- 34 **(2) file the following information with each taxing unit in the**
- 35 **county where the district is located:**
- 36 **(A) A copy of the notice required by subdivision (1).**
- 37 **(B) A statement disclosing the impact of the district,**
- 38 **including the following:**
- 39 **(i) The estimated economic benefits and costs incurred**
- 40 **by the district, as measured by increased employment**
- 41 **and anticipated growth of property assessed values.**
- 42 **(ii) The anticipated impact on tax revenues of each**

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taxing unit.

The notice must state the general boundaries of the district.

(h) Upon completion of the actions required by subsection (g), the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by the resolution is considered approved.

~~(h)~~ (i) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

~~(i)~~ (j) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 70. IC 36-7-13-12.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12.1. (a) If the executive of a city described in section 10.1(a) of this chapter has submitted an application to an advisory commission on industrial development requesting that an area be designated as a district under this chapter and the advisory commission has compiled and prepared the information required under section 11 of this chapter concerning the area, the advisory commission may adopt a resolution designating the area as a district if it finds the following:

(1) That the redevelopment of the area in the district will:

(A) promote significant opportunities for the gainful employment of its citizens;

(B) attract a major new business enterprise to the area; or

(C) retain or expand a significant business enterprise within the area.

(2) That there are significant obstacles to redevelopment of the area due to any of the following problems:

(A) Obsolete or inefficient buildings.

(B) Aging infrastructure or ineffective utility services.

(C) Utility relocation requirements.

(D) Transportation or access problems.

(E) Topographical obstacles to redevelopment.

(F) Environmental contamination.

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- 1 (G) Lack of development or cessation of growth.
- 2 (H) Deterioration of improvements or character of occupancy,
- 3 age, obsolescence, or substandard buildings.
- 4 (I) Other factors that have impaired values or prevent a normal
- 5 development of property or use of property.
- 6 (b) To address the obstacles identified in subsection (a)(2), the city
- 7 may make expenditures for:
- 8 (1) the acquisition of land;
- 9 (2) interests in land;
- 10 (3) site improvements;
- 11 (4) infrastructure improvements;
- 12 (5) buildings;
- 13 (6) structures;
- 14 (7) rehabilitation, renovation, and enlargement of buildings and
- 15 structures;
- 16 (8) machinery;
- 17 (9) equipment;
- 18 (10) furnishings;
- 19 (11) facilities;
- 20 (12) administration expenses associated with such a project;
- 21 (13) operating expenses; or
- 22 (14) substance removal or remedial action to the area.
- 23 (c) In addition to the findings described in subsection (a), an
- 24 advisory commission must also find that the city described in section
- 25 10.1(a) of this chapter has expended, appropriated, pooled, set aside,
- 26 or pledged at least two hundred fifty thousand dollars (\$250,000) for
- 27 purposes of addressing the redevelopment obstacles described in
- 28 subsection (a)(2).
- 29 (d) The advisory commission shall designate the duration of the
- 30 district. However, a district must terminate not later than fifteen (15)
- 31 years after the income tax incremental amount or gross retail
- 32 incremental amount is first allocated to the district under this chapter.
- 33 (e) Upon adoption of a resolution designating a district, the advisory
- 34 commission shall:
- 35 (1) **publish notice of the adoption and substance of the**
- 36 **resolution in accordance with IC 5-3-1; and**
- 37 **(2) file the following information with each taxing unit in the**
- 38 **county where the district is located:**
- 39 **(A) A copy of the notice required by subdivision (1).**
- 40 **(B) A statement disclosing the impact of the district,**
- 41 **including the following:**
- 42 **(i) The estimated economic benefits and costs incurred**

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by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(f) Upon completion of the actions required by subsection (e), the advisory commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. If the budget agency fails to take action on a resolution designating a district within one hundred twenty (120) days after the date that the resolution is submitted to the budget committee, the designation of the district by the resolution is considered approved.

(g) When considering a resolution, the budget committee and the budget agency must make the following findings:

(1) The area to be designated as a district meets the conditions necessary for designation as a district.

(2) The designation of the district will benefit the people of Indiana by protecting or increasing state and local tax bases and tax revenues for at least the duration of the district.

(h) The income tax incremental amount and the gross retail incremental amount may not be allocated to the district until the resolution is approved under this section.

SECTION 71. IC 36-7-13-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) If an advisory commission on industrial development designates a district under section 12 or 12.1 of this chapter or if the legislative body of a county or municipality adopts an ordinance designating a district under section 10.5 of this chapter, the advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall send a certified copy of the resolution or ordinance designating the district to the department of state revenue by certified mail and shall include with the resolution a complete list of the following:

(1) Employers in the district.

(2) Street names and the range of street numbers of each street in the district.

(3) Federal tax identification number of each business in the district.

(4) The street address of each employer.

(5) Name, telephone number, and electronic mail address (if available) of a contact person for each employer.

(b) The advisory commission, or the legislative body in the case of a district designated under section 10.5 of this chapter, shall update the

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list:

- (1) before July 1 of each year; or
- (2) within fifteen (15) days after the date that the budget agency approves a petition to modify the boundaries of the district under section 12.5 of this chapter.

(c) Not later than sixty (60) days after receiving a copy of the resolution or ordinance designating a district, the department of state revenue shall determine the gross retail base period amount and the income tax base period amount.

(d) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 12.5(c) of this chapter, the department shall recalculate the gross retail base period amount and the income tax base period amount for a district modified under section 12.5 of this chapter.

SECTION 72. IC 36-7-13-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]: Sec. 14. (a) Before the first business day in October of each year, the department shall calculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for each district designated under this chapter.

**(b) Businesses operating in the district shall report, in the manner and in the form prescribed by the department, information that the department determines necessary to calculate incremental gross retail, use, and income taxes.**

~~(b)~~ (c) Not later than sixty (60) days after receiving a certification of a district's modified boundaries under section 12.5(c) of this chapter, the department shall recalculate the income tax incremental amount and the gross retail incremental amount for the preceding state fiscal year for a district modified under section 12.5 of this chapter.

SECTION 73. IC 36-7-31-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 12. **(a)** Upon adoption of a resolution establishing a tax area under section 14 of this chapter, the commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than ~~ten (10)~~ **sixty (60)** days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

**(b) Upon adoption of a resolution changing the boundaries of a tax area under section 14 of this chapter, the commission shall:**

- (1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and**
- (2) file the following information with each taxing unit in the**

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county in which the district is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement disclosing the impact of the district, including the following:

(i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(c) Upon completion of the actions required by subsection (b), the commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than sixty (60) days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

SECTION 74. IC 36-7-31.3-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 11. (a) Upon adoption of a resolution establishing a tax area under section 10 of this chapter, the designating body shall submit the resolution to the budget committee for review and recommendation to the budget agency.

(b) Upon adoption of a resolution changing the boundaries of a tax area under section 10 of this chapter, the commission shall:

(1) publish notice of the adoption and substance of the resolution in accordance with IC 5-3-1; and

(2) file the following information with each taxing unit in the county where the district is located:

(A) A copy of the notice required by subdivision (1).

(B) A statement disclosing the impact of the district, including the following:

(i) The estimated economic benefits and costs incurred by the district, as measured by increased employment and anticipated growth of property assessed values.

(ii) The anticipated impact on tax revenues of each taxing unit.

The notice must state the general boundaries of the district.

(c) Upon completion of the actions required by subsection (b), the commission shall submit the resolution to the budget committee for review and recommendation to the budget agency. The budget committee shall meet not later than sixty (60) days after receipt of a resolution and shall make a recommendation on the resolution to the budget agency.

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SECTION 75. IC 36-7-32-6.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6.5. As used in this chapter, "gross retail incremental amount" means the remainder of:**

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the territory comprising a certified technology park during a state fiscal year; minus

(2) the gross retail base period amount; as determined by the department of state revenue.

SECTION 76. IC 36-7-32-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 8.5. As used in this chapter, "income tax incremental amount" means the remainder of:**

(1) the total amount of state adjusted gross income taxes, county adjusted gross income tax, county option income taxes, and county economic development income taxes paid by employees employed in the territory comprising the certified technology park with respect to wages and salary earned for work in the territory comprising the certified technology park for a particular state fiscal year; minus

(2) the sum of the:

(A) income tax base period amount; and

(B) tax credits awarded by the economic development for a growing economy board under IC 6-3.1-13 to businesses operating in a certified technology park as the result of wages earned for work in the certified technology park for the state fiscal year;

as determined by the department of state revenue.

SECTION 77. IC 6-3.1-26-10 IS REPEALED [EFFECTIVE JULY 1, 2005].

SECTION 78. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 4-10-21-3; IC 4-10-21-4.

SECTION 79. [EFFECTIVE JUNE 15, 2005] (a) **IC 4-10-18-1, as amended by this act, applies to deposits in the counter-cyclical revenue and economic stabilization fund made after June 14, 2005.**

(b) **IC 4-10-18-4, IC 4-10-18-5, and IC 4-10-18-9, all as amended by this act, apply only to distributions from the counter-cyclical revenue and economic stabilization fund after June 30, 2005.**

SECTION 80. [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)] (a) **IC 6-3.1-1-3, as added by this act, applies to the application of a tax credit against state tax liability for a**

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1 taxable year beginning after December 31, 2004, regardless of  
2 when the tax credit was granted.

3 (b) IC 6-3.1-13-15, IC 6-3.1-13-15.5, IC 6-3.1-13-17,  
4 IC 6-3.1-13-19, and IC 6-3.1-13-19.5, all as amended by this act,  
5 apply only to credits awarded by the Indiana economic  
6 development corporation under IC 6-3.1-13 after June 30, 2005.  
7 Credits awarded under IC 6-3.1-13 before July 1, 2005, remain  
8 subject to the provisions of IC 6-3.1-13 as in effect on June 30,  
9 2005. However, an ordinance that is described in IC 6-3.1-13-15(7)  
10 or IC 6-3.1-13-15.5(13), both as amended by this act, and that is  
11 adopted before July 1, 2005, is valid to the extent that it applies to  
12 credits awarded after June 30, 2005.

13 (c) IC 6-3.1-19-4, as amended by this act, applies only to the  
14 carry forward of community revitalization enhancement district  
15 tax credits to taxable years beginning after December 31, 2004,  
16 regardless of when the taxable year when the credit accrued to the  
17 taxpayer.

18 (d) IC 6-3.1-26-14, IC 6-3.1-26-15, IC 6-3.1-26-16, and  
19 IC 6-3.1-26-18, all as amended by this act, apply only to credits  
20 awarded by the Indiana economic development corporation under  
21 IC 6-3.1-26 after June 30, 2005. Credits awarded under IC 6-3.1-26  
22 before July 1, 2005, remain subject to the provisions of IC 6-3.1-26  
23 as in effect on June 30, 2005.

24 (e) IC 36-7-13-3.4, as amended by this act, and IC 36-7-32-8.5,  
25 as added by this act, apply only to distributions for a community  
26 revitalization enhancement district or certified technology park as  
27 the result of wages and salary earned for work in the community  
28 revitalization enhancement district or certified technology park  
29 after June 30, 2005.

30 (f) IC 36-7-13-10.5, IC 36-7-13-12.1, IC 36-7-13-13,  
31 IC 36-7-31-12, and IC 36-7-31.3-11, all as amended by this act,  
32 apply only to districts established or expanded after June 30, 2005.

33 (g) IC 36-7-13-14, as amended by this act, applies to taxable  
34 years beginning after December 31, 2004.

35 SECTION 81. [EFFECTIVE JANUARY 1, 2005  
36 (RETROACTIVE)]: The definitions in IC 6-3.1-29, as added by this  
37 act, apply throughout this SECTION. IC 6-3.1-29, as added by this  
38 act, applies only to:

- 39 (1) qualified equity investments made; and  
40 (2) taxable years beginning;  
41 after December 31, 2004.

42 SECTION 82. [EFFECTIVE UPON PASSAGE] (a) An ordinance

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that:

(1) is adopted under IC 6-1.1-12-41 or IC 6-3.5-7-25 after March 30, 2004, and before the passage of this act; and

(2) would have been valid if this act had been enacted before the time the ordinance was adopted;

shall be treated as valid to the same extent as if this act had been enacted before the ordinance was adopted.

(b) The department of local government finance may adopt interim rules in the manner provided for the adoption of emergency rules under IC 4-22-2-37.1 to govern the determination of deductions, the processing of personal property tax returns, and the calculation of the assessed valuation of each taxpayer in cases in which:

(1) the personal property of the taxpayer is eligible for a deduction under IC 6-1.1-12-41, as amended by this act, as the result of the adoption of an ordinance under IC 6-1.1-12-41, as amended by this act, after March 30, 2004; and

(2) the taxpayer did not take the deduction on the taxpayer's personal property tax return.

The rules may include special procedures and filing dates for filing an amended return.

(c) An interim rule adopted under subsection (b) expires on the earliest of the following:

(1) The date that the department of local government finance adopts an interim rule under subsection (b) to supersede a rule previously adopted under subsection (b).

(2) The date that the department of local government finance adopts a permanent rule under IC 4-22-2 to supersede a rule previously adopted under subsection (b).

(3) The date that the department of local government finance adopts under subsection (b) or IC 4-22-2 a repeal of a rule previously adopted under subsection (b).

(4) December 31, 2006.

SECTION 83. [EFFECTIVE JULY 1, 2005] IC 6-3.5-7-26, as amended by this act, applies only to property taxes first due and payable after December 31, 2006.

SECTION 84. [EFFECTIVE JULY 1, 2005] The following apply only to property taxes first due and payable after December 31, 2005:

(1) IC 6-3.5-7-25.5, as added by this act; and

(2) SECTION 37 of this act.

SECTION 85. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18-11, as

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1 amended by this act, applies to property taxes first due and  
2 payable after December 31, 2005.

3 SECTION 86. [EFFECTIVE UPON PASSAGE] (a) For purposes  
4 of this SECTION:

5 (1) "civil taxing unit" has the meaning set forth in  
6 IC 6-1.1-18.5-1; and

7 (2) "maximum levy" refers to the maximum permissible ad  
8 valorem property tax levy determined under IC 6-1.1-18.5-3.

9 (b) Notwithstanding IC 6-1.1-18.5, a civil taxing unit may adopt  
10 a resolution or an ordinance to determine the civil taxing unit's  
11 maximum levy for property taxes first due and payable in 2006  
12 under this SECTION. The fiscal officer of a civil taxing unit  
13 adopting a resolution or an ordinance under this SECTION shall  
14 immediately send a certified copy of the resolution or ordinance to  
15 the department of local government finance.

16 (c) For property taxes first due and payable in 2006, the  
17 maximum levy of a civil taxing unit that adopts a resolution or an  
18 ordinance under this SECTION is the maximum levy for the unit  
19 for taxes first due and payable in 2005 in the amount that would  
20 have been determined under IC 6-1.1-18.5 if the amendments to  
21 IC 6-1.1-18.5 in P.L.1-2004 did not apply for taxes first due and  
22 payable in 2004 and 2005.

23 (d) This SECTION expires January 1, 2007.

24 SECTION 87. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-1,  
25 as amended by this act, applies to property taxes first due and  
26 payable after December 31, 2006.

27 SECTION 88. [EFFECTIVE JULY 1, 2005] (a) Except as  
28 otherwise provided by this SECTION, IC 6-1.1-18.5-8 and  
29 IC 6-1.1-19-8, both as amended by this act, apply to bonds issued  
30 and leases entered into after June 30, 2005.

31 (b) If a school corporation conducted the hearing described in  
32 IC 20-5-52 before July 1, 2005, the school corporation may issue  
33 bonds or execute a lease for the school building construction  
34 project that was the subject of the hearing in accordance with the  
35 requirements for issuing bonds or executing a lease that were in  
36 effect before July 1, 2005.

37 (c) A civil taxing unit or school corporation may issue bonds or  
38 execute a lease in accordance with the requirements for issuing the  
39 bonds or entering the lease that were in effect before July 1, 2005  
40 if the civil taxing unit or school corporation petitioned the  
41 department for approval of the bonds or lease under IC 6-1.1-18.5,  
42 IC 6-1.1-19, or any other statute authorizing the department to

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1 approve bonds or leases.

2 SECTION 89. [EFFECTIVE JUNE 15, 2005] IC 4-10-18-8, as  
3 amended by this act, applies to state fiscal years ending after June  
4 30, 2005.

5 SECTION 90. [EFFECTIVE UPON PASSAGE] (a)  
6 Notwithstanding IC 6-1.1-20.6-2, as added by this act, a county  
7 may adopt an ordinance under this SECTION to apply the credit  
8 authorized by IC 6-1.1-20.6, as added by this act, to property taxes  
9 first due and payable in 2004 or 2005.

10 (b) If a county has not issued property tax statements under  
11 IC 6-1.1-22-8 to the persons liable for property taxes in the county  
12 for property taxes first due and payable in 2004, the county fiscal  
13 body may adopt an ordinance to apply the credit under  
14 IC 6-1.1-20.6, as added by this act, to the property taxes first due  
15 and payable in 2004. A county fiscal body may not adopt an  
16 ordinance under this subsection after statements are issued under  
17 IC 6-1.1-22-8 for the property taxes first due and payable in 2004.

18 (c) If a county has not issued property tax statements under  
19 IC 6-1.1-22-8 to the persons liable for property taxes in the county  
20 for property taxes first due and payable in 2005, the county fiscal  
21 body may adopt an ordinance to apply the credit under  
22 IC 6-1.1-20.6, as added by this act, to the property taxes first due  
23 and payable in 2005. A county fiscal body may not adopt an  
24 ordinance under this subsection after statements are issued under  
25 IC 6-1.1-22-8 for the property taxes first due and payable in 2005.

26 (d) Notwithstanding any provision in IC 6-1.1-20.6, as added by  
27 this act, IC 6-1.1-20.6 applies to a credit authorized by an  
28 ordinance passed under this SECTION.

29 (e) Except as provided in subsections (b) and (c), IC 6-1.1-20.6,  
30 as added by this act, applies to property taxes first due and payable  
31 after December 31, 2005.

32 (f) This SECTION expires January 1, 2006.

33 SECTION 91. [EFFECTIVE UPON PASSAGE] (a) The definitions  
34 in IC 6-1.1-1 apply throughout this SECTION.

35 (b) For purposes of this SECTION:

36 (1) "fiscal body" has the meaning set forth in IC 36-1-2-6;

37 (2) "settlement amount" means an amount that:

38 (A) exceeds ten million dollars (\$10,000,000); and

39 (B) is received by the county auditor on behalf of a county  
40 and the political subdivisions in the county in 2005 or 2006  
41 as a result of the settlement of one (1) or more cases before  
42 the Indiana tax court concerning the property tax

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assessments of tangible property that are the basis for determination of property taxes payable by a taxpayer in the county for one (1) or more calendar years that precede 2006; and

(3) "subsequent year's taxes" means the property taxes imposed by a political subdivision on tangible property in the political subdivision, other than property taxes imposed on tangible property for which a taxpayer that paid all or part of the settlement amount is liable, for property taxes first due and payable in the calendar year that immediately succeeds the calendar year in which the settlement amount is received.

(c) The fiscal body of a political subdivision may adopt an ordinance:

(1) before September 1, 2005, to direct the county auditor to use the part of a settlement amount attributable to the political subdivision to apply a credit against the subsequent year's taxes for property taxes first due and payable in 2006; and

(2) before September 1, 2006, to direct the county auditor to use the part of a settlement amount attributable to the political subdivision to apply a credit against the subsequent year's taxes for property taxes first due and payable in 2007.

The total amount of the credits applied under this subsection must equal the part of the settlement amount received by the political subdivision in the immediately preceding calendar year. The settlement amount received must be used to replace the amount of property tax revenue lost due to the allowance of the credit in the political subdivision. The county auditor shall retain the settlement amount and distribute the money to the political subdivisions in the county as though the money were property tax collections and in such a manner that a political subdivision does not suffer a net revenue loss due to the allowance of the credit under this subsection.

(d) A credit under subsection (c) applies as a percentage of the liability for property taxes before the application of the credits under IC 6-1.1-20.9 and IC 6-1.1-21. The percentage applicable in a taxing district that is attributable to a political subdivision in which the taxing district is located is determined under the last STEP of the following STEPS:

STEP ONE: Determine the total assessed value of tangible property (after the application of all applicable deductions under IC 6-1.1), other than tangible property for which a

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taxpayer that paid all or part of the settlement amount is liable for property taxes, in the political subdivision that is the basis for the subsequent year's taxes.

**STEP TWO:** Determine the total assessed value of tangible property (after the application of all applicable deductions under IC 6-1.1), other than tangible property for which a taxpayer that paid all or part of the settlement amount is liable for property taxes, in the taxing district that constitutes a part of the total assessed value that is the basis for the subsequent year's taxes.

**STEP THREE:** Determine the quotient of the total assessed value determined under STEP TWO divided by the total assessed value determined under STEP ONE.

**STEP FOUR:** Determine the product of:

(A) the part of a settlement amount attributable to the political subdivision; multiplied by

(B) the quotient determined in STEP THREE.

**STEP FIVE:** Determine the total property tax levy in the taxing district for the subsequent year's taxes, before the application of the credits under IC 6-1.1-20.9 and IC 6-1.1-21.

**STEP SIX:** Determine the quotient of:

(A) the product determined under STEP FOUR; divided by

(B) the remainder determined under STEP FIVE;

expressed as a percentage.

The total credit percentage applicable in a taxing district is the sum of the percentages determined under STEP SIX with respect to all political subdivisions in which the taxing district is located.

(e) If a fiscal body adopts an ordinance under subsection (c):

(1) the part of the settlement amount attributable to the political subdivision is set aside in a separate fund of the political subdivision for the sole purpose of dedicating the money in the fund to providing credits under subsection (c);

(2) money in the separate fund does not become part of the political subdivision's levy excess fund under IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7; and

(3) for the year in which the subsequent year's taxes are first due and payable, the total county tax levy under IC 6-1.1-21-2(g) is reduced by the part of the settlement amount attributable to the political subdivision that, notwithstanding subdivisions (1) and (2), would have been deposited in the political subdivision's levy excess fund under

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1           **IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7.**  
 2           **(f) This SECTION expires January 1, 2008.**  
 3           SECTION 92. [EFFECTIVE UPON PASSAGE] **(a) The definitions**  
 4           **in IC 6-1.1-1 apply throughout this SECTION.**  
 5           **(b) IC 6-1.1-45, as added by this act, applies only to ad valorem**  
 6           **property taxes first due and payable for assessment dates after**  
 7           **February 28, 2005.**  
 8           SECTION 93. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18.5-17**  
 9           **and IC 6-1.1-19-1.7, both as amended by this act, apply only to**  
 10           **property taxes paid after December 31, 2005.**  
 11           SECTION 94. **An emergency is declared for this act.**

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SENATE MOTION

Madam President: I move that Senator Hume be added as second author of Senate Bill 496.

KENLEY

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SENATE MOTION

Madam President: I move that Senator Lubbers be added as coauthor of Senate Bill 496.

KENLEY

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SENATE MOTION

Madam President: I move that Senator Hume be removed as second author of Senate Bill 496.

KENLEY

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SENATE MOTION

Madam President: I move that Senator Simpson be added as second author and Senator Hume be added as coauthor of Senate Bill 496.

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## COMMITTEE REPORT

Madam President: The Senate Committee on Tax and Fiscal Policy, to which was referred Senate Bill No. 496, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

Page 9, line 28, delete ":".

Page 9, line 29, delete "(1)".

Page 9, run in lines 28 through 29.

Page 9, line 30, delete "; and" and insert ".".

Page 9, delete lines 31 through 32.

Page 12, between lines 13 and 14, begin a new line block indented and insert:

**"(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, the extent to which the building, structure, or public improvement will be made available to residents of the political subdivision for uses other than those planned by the political subdivision."**

Page 12, line 14, delete "(5)" and insert "(6)".

Page 14, line 22, after "through" delete "a" and insert **"the Internet or other electronic means, as determined by the department."**

Page 14, delete lines 23 through 24.

Page 15, line 2, delete "quarterly reports and".

Page 15, line 3, delete "annual summaries of".

Page 15, line 4, after "Internet" insert **"at least annually"**.

Page 15, delete lines 10 through 42, begin a new paragraph and insert:

**"SECTION 5. IC 6-1.1-12-41 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 30, 2004 (RETROACTIVE)]: Sec. 41. (a) This section does not apply to assessment years beginning after December 31, 2005.**

**(b) As used in this section, "assessed value of inventory" means the assessed value determined after the application of any deductions or adjustments that apply by statute or rule to the assessment of inventory, other than the deduction allowed under subsection (f).**

**(c) As used in this section, "county income tax council" means a council established by IC 6-3.5-6-2.**

**(d) As used in this section, "fiscal body" has the meaning set forth in IC 36-1-2-6.**

**(e) As used in this section, "inventory" has the meaning set forth in IC 6-1.1-3-11.**

**ES 496—LS 7936/DI 52+**



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(f) An ordinance may be adopted in a county to provide that a deduction applies to the assessed value of inventory located in the county. The deduction is equal to one hundred percent (100%) of the assessed value of inventory located in the county for the appropriate year of assessment. ~~An ordinance adopted under this subsection must be adopted before January 1 of a calendar year beginning after December 31, 2002.~~ An ordinance adopted under this section in a particular year applies:

- (1) if adopted before March 31, 2004,** to each subsequent assessment year ending before January 1, 2006; **and**
- (2) if adopted after March 30, 2004, and before June 1, 2005, to the March 1, 2005, assessment date.**

An ordinance adopted under this section may be consolidated with an ordinance adopted under IC 6-3.5-7-25 or IC 6-3.5-7-26. The consolidation of an ordinance adopted under this section with an ordinance adopted under IC 6-3.5-7-26 does not cause the ordinance adopted under IC 6-3.5-7-26 to expire after December 31, 2005.

(g) An ordinance may not be adopted under subsection (f) after ~~March May 30, 2004.~~ **2005.** However, an ordinance adopted under this section:

- (1) before March 31, 2004,** may be amended after March 30, 2004; **and**
- (2) before June 1, 2005, may be amended after May 30, 2005;** to consolidate an ordinance adopted under IC 6-3.5-7-26.

(h) The entity that may adopt the ordinance permitted under subsection (f) is:

- (1) the county income tax council if the county option income tax is in effect on January 1 of the year in which an ordinance under this section is adopted;
- (2) the county fiscal body if the county adjusted gross income tax is in effect on January 1 of the year in which an ordinance under this section is adopted; or
- (3) the county income tax council or the county fiscal body, whichever acts first, for a county not covered by subdivision (1) or (2).

To adopt an ordinance under subsection (f), a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax. The entity that adopts the ordinance shall provide a certified copy of the ordinance to the department of local government finance before February 1.

(i) A taxpayer is not required to file an application to qualify for the deduction permitted under subsection (f).

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(j) The department of local government finance shall incorporate the deduction established in this section in the personal property return form to be used each year for filing under IC 6-1.1-3-7 or IC 6-1.1-3-7.5 to permit the taxpayer to enter the deduction on the form. If a taxpayer fails to enter the deduction on the form, the township assessor shall:

- (1) determine the amount of the deduction; and
- (2) within the period established in IC 6-1.1-16-1, issue a notice of assessment to the taxpayer that reflects the application of the deduction to the inventory assessment.

(k) The deduction established in this section must be applied to any inventory assessment made by:

- (1) an assessing official;
- (2) a county property tax board of appeals; or
- (3) the department of local government finance.

SECTION 6. IC 6-1.1-15-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. (a) A taxpayer may obtain a review by the county property tax assessment board of appeals of a county or township official's action with respect to the assessment of the taxpayer's tangible property if the official's action requires the giving of notice to the taxpayer. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the opportunity for review under this section, including an informal preliminary conference with the county or township official referred to in this subsection; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) In order to appeal a current assessment and have a change in the assessment effective for the most recent assessment date, the taxpayer must request in writing a preliminary conference with the county or township official referred to in subsection (a):

- (1) **within not later than** forty-five (45) days after notice of a change in the assessment is given to the taxpayer; or
- (2) **on or before** May 10 of that year;

whichever is later. ~~The county or township official referred to in subsection (a) shall notify the county auditor that the assessment is under appeal.~~ The preliminary conference required under this subsection is a prerequisite to a review by the county property tax assessment board of appeals under subsection (i).

(c) A change in an assessment made as a result of an appeal filed:

- (1) in the same year that notice of a change in the assessment is given to the taxpayer; and

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(2) after the time prescribed in subsection (b);  
becomes effective for the next assessment date.

(d) A taxpayer may appeal a current real property assessment in a year even if the taxpayer has not received a notice of assessment in the year. If an appeal is filed on or before May 10 of a year in which the taxpayer has not received notice of assessment, a change in the assessment resulting from the appeal is effective for the most recent assessment date. If the appeal is filed after May 10, the change becomes effective for the next assessment date.

(e) The written request for a preliminary conference that is required under subsection (b) must include the following information:

- (1) The name of the taxpayer.
- (2) The address and parcel or key number of the property.
- (3) The address and telephone number of the taxpayer.

(f) The county or township official referred to in subsection (a) shall, ~~within~~ **not later than** thirty (30) days after the receipt of a written request for a preliminary conference, attempt to hold a preliminary conference with the taxpayer to resolve as many issues as possible by:

- (1) discussing the specifics of the taxpayer's reassessment;
- (2) reviewing the taxpayer's property record card;
- (3) explaining to the taxpayer how the reassessment was determined;
- (4) providing to the taxpayer information about the statutes, rules, and guidelines that govern the determination of the reassessment;
- (5) noting and considering objections of the taxpayer;
- (6) considering all errors alleged by the taxpayer; and
- (7) otherwise educating the taxpayer about:
  - (A) the taxpayer's reassessment;
  - (B) the reassessment process; and
  - (C) the reassessment appeal process.

~~Within~~ **Not later than** ten (10) days after the conference, the county or township official referred to in subsection (a) shall forward to the county auditor and the county property tax assessment board of appeals the results of the conference on a form prescribed by the department of local government finance that must be completed and signed by the taxpayer and the official. The official and the taxpayer shall each retain a copy of the form for their records.

(g) The form submitted to the county property tax assessment board of appeals under subsection (f) must specify the following:

- (1) The physical characteristics of the property in issue that bear on the assessment determination.

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(2) All other facts relevant to the assessment determination.

(3) A list of the reasons the taxpayer believes that the assessment determination by the county or township official referred to in subsection (a) is incorrect.

(4) An indication of the agreement or disagreement by the official with each item listed under subdivision (3).

(5) The reasons the official believes that the assessment determination is correct.

(h) If after the conference there are no items listed on the form submitted to the county property tax assessment board of appeals under subsection (f) on which there is disagreement:

(1) the county or township official referred to in subsection (a) shall give notice to the taxpayer, the county property tax assessment board of appeals, and the county assessor of the assessment in the amount agreed to by the taxpayer and the official; and

(2) the county property tax assessment board of appeals may reserve the right to change the assessment under IC 6-1.1-13.

(i) If after the conference there are items listed in the form submitted under subsection (f) on which there is disagreement, the county property tax assessment board of appeals shall hold a hearing. The taxpayer and county or township official whose original determination is under review are parties to the proceeding before the board of appeals. Except as provided in subsections (k) and (l), the hearing must be held ~~within~~ **not later than** ninety (90) days ~~of~~ **after** the official's receipt of the taxpayer's written request for a preliminary conference under subsection (b). The taxpayer may present the taxpayer's reasons for disagreement with the assessment. The county or township official referred to in subsection (a) must present the basis for the assessment decision on these items to the board of appeals at the hearing and the reasons the taxpayer's appeal should be denied on those items. The board of appeals shall have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within~~ **not later than** sixty (60) days ~~of~~ **after** the hearing, except as provided in subsections (k) and (l).

(j) If the township assessor does not attempt to hold a preliminary conference, the taxpayer may file a request in writing with the county assessor for a hearing before the property tax assessment board of appeals. If the board determines that the county or township official referred to in subsection (a) did not attempt to hold a preliminary conference, the board shall hold a hearing. The taxpayer and the county or township official whose original determination is under review are

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parties to the proceeding before the board of appeals. The hearing must be held ~~within~~ **not later than** ninety (90) days ~~of~~ **after** the receipt by the board of appeals of the taxpayer's hearing request under this subsection. The requirements of subsection (i) with respect to:

(1) participation in the hearing by the taxpayer and the township assessor or county assessor; and

(2) the procedures to be followed by the county board;  
apply to a hearing held under this subsection.

(k) This subsection applies to a county having a population of more than three hundred thousand (300,000). In the case of a petition filed after December 31, 2000, the county property tax assessment board of appeals shall:

(1) hold its hearing ~~within~~ **not later than** one hundred eighty (180) days instead of ninety (90) days **after the filing of the petition;** and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within~~ **not later than** one hundred twenty (120) days after the hearing.

(l) This subsection applies to a county having a population of three hundred thousand (300,000) or less. With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the county property tax assessment board of appeals shall:

(1) hold its hearing ~~within~~ **not later than** one hundred eighty (180) days instead of ninety (90) days **after the filing of the petition;** and

(2) have a written record of the hearing and prepare a written statement of findings and a decision on each item ~~within~~ **not later than** one hundred twenty (120) days after the hearing.

(m) The county property tax assessment board of appeals:

(1) may not require a taxpayer to file documentary evidence or summaries of statements of testimonial evidence before the hearing required under subsection (i) or (j); and

(2) may amend the form submitted under subsection (f) if the board determines that the amendment is warranted.

(n) **Upon receiving a request for a preliminary conference under subsection (b), the county or township official referred to in subsection (a) shall notify the county auditor in writing that the assessment is under appeal. With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notice must include the appellant's name and address, the assessed value of the appealed items for the assessment date**

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immediately preceding the assessment date for which the appeal was filed, and the assessed value of the appealed items on the most recent assessment date. If the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.

SECTION 7. IC 6-1.1-15-2.1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2.1. (a) The county property tax assessment board of appeals may assess the tangible property in question.

(b) The county property tax assessment board of appeals shall, by mail, give notice of the date fixed for the hearing under ~~section 1~~ **section 1(i)** of this chapter to the taxpayer, ~~and to the township assessor, the county assessor, and the county auditor.~~ **With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notice must include the following:**

- (1) For those items on which there is disagreement, the assessed value of the appealed items:
  - (A) for the assessment date immediately preceding the assessment date for which the appeal was filed; and
  - (B) on the most recent assessment date.
- (2) A statement that a taxing unit receiving the notice from the county auditor under subsection (c) may:
  - (A) attend the hearing;
  - (B) offer testimony; and
  - (C) file an amicus curiae brief in the proceeding.

A taxing unit that receives a notice from the county auditor under subsection (c) is not a party to the appeal.

(c) If, after receiving notice of a hearing under subsection (b), the county auditor determines that the assessed value of the items on which there is disagreement constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected

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**taxing unit does not affect the validity of the appeal or delay the appeal.**

~~(c)~~ **(d)** The department of local government finance shall prescribe a form for use by the county property tax assessment board of appeals in processing a review of an assessment determination. The department shall issue instructions for completion of the form. The form must require the county property tax assessment board of appeals to include a record of the hearing, findings on each item, and indicate agreement or disagreement with each item that is indicated on the form submitted by the taxpayer and the county or township official under section 1(f) of this chapter. The form must also require the county property tax assessment board of appeals to indicate the issues in dispute for each item and its reasons in support of its resolution of those issues.

~~(d)~~ **(e)** After the hearing the county property tax assessment board of appeals shall, by mail, give notice of its determination to the taxpayer, the township assessor, ~~and~~ the county assessor, ~~and the county auditor, and any taxing unit entitled to notice of the hearing under subsection (c).~~ **The county property tax assessment board of appeals** shall include with the notice copies of the forms completed under subsection ~~(c)~~: **(d)**.

SECTION 8. IC 6-1.1-15-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) A taxpayer may obtain a review by the Indiana board of a county property tax assessment board of appeals action with respect to the assessment of that taxpayer's tangible property if the county property tax assessment board of appeals' action requires the giving of notice to the taxpayer. A township assessor, county assessor, member of a county property tax assessment board of appeals, or county property tax assessment board of appeals that made the original determination under appeal under this section is a party to the review under this section to defend the determination. At the time that notice is given to the taxpayer, the taxpayer shall also be informed in writing of:

- (1) the taxpayer's opportunity for review under this section; and
- (2) the procedures the taxpayer must follow in order to obtain review under this section.

(b) A township assessor or county assessor may obtain a review by the Indiana board of any assessment which the township assessor or the county assessor has made, upon which the township assessor or the county assessor has passed, or which has been made over the township assessor's or the county assessor's protest.

(c) In order to obtain a review by the Indiana board under this section, the party must file a petition for review with the appropriate

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county assessor ~~within~~ **not later than** thirty (30) days after the notice of the county property tax assessment board of appeals action is given to the taxpayer.

(d) The Indiana board shall prescribe the form of the petition for review of an assessment determination by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form and the instructions must be clear, simple, and understandable to the average individual. An appeal of such a determination must be made on the form prescribed by the Indiana board. The form must require the petitioner to specify the following:

- (1) If the county or township official held a preliminary conference under section 1(f) of this chapter, the items listed in section 1(g)(1) and 1(g)(2) of this chapter.
- (2) The reasons why the petitioner believes that the assessment determination by the county property tax assessment board of appeals is erroneous.

(e) The county assessor shall transmit the petition for review to the Indiana board ~~within~~ **not later than** ten (10) days after it is filed.

(f) If a township assessor or a member of the county property tax assessment board of appeals files a petition for review under this section concerning the assessment of a taxpayer's property, the county assessor must send a copy of the petition to the taxpayer. **The county assessor shall transmit the petition for review to the Indiana board not later than ten (10) days after the petition is filed.**

SECTION 9. IC 6-1.1-15-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) After receiving a petition for review which is filed under section 3 of this chapter, the Indiana board shall conduct a hearing at its earliest opportunity. The Indiana board may:

- (1) assign:
  - (A) full;
  - (B) limited; or
  - (C) no;
 evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and
- (2) correct any errors that may have been made, and adjust the assessment in accordance with the correction.

(b) If the Indiana board conducts a site inspection of the property as part of its review of the petition, the Indiana board shall give notice to all parties of the date and time of the site inspection. The Indiana board

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is not required to assess the property in question. The Indiana board shall give notice of the date fixed for the hearing **and a copy of the petition filed under section 3 of this chapter**, by mail, to the taxpayer and to the appropriate township assessor, county assessor, and county auditor. **With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notice must include the following:**

- (1) The assessed value of the appealed items for the assessment date immediately preceding the assessment date for which the appeal was filed under section 1 of this chapter.**
- (2) The action of the county property tax assessment board of appeals with respect to the appealed items.**
- (3) A statement that a taxing unit receiving the notice from the county auditor under subsection (c) may:**
  - (A) attend the hearing; and**
  - (B) offer testimony.**

**A taxing unit that receives a notice from the county auditor under subsection (c) is not a party to the appeal.** The Indiana board shall give these notices at least thirty (30) days before the day fixed for the hearing. The property tax assessment board of appeals that made the determination under appeal under this section may, with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the property tax assessment board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under IC 6-1.1-4-27.5. The executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment is under appeal is subject to assessment by that taxing unit.

**(c) If, after receiving notice of a hearing under subsection (b), the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.**

**(b) (d) If a petition for review does not comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter, the Indiana board shall return the petition to the petitioner and include a notice describing the defect in the petition. The petitioner then has thirty (30) days from the date on the notice to cure**

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the defect and file a corrected petition. The Indiana board shall deny a corrected petition for review if it does not substantially comply with the Indiana board's instructions for completing the form prescribed under section 3 of this chapter.

~~(c)~~ **(e)** The Indiana board shall prescribe a form for use in processing petitions for review of actions by the county property tax assessment board of appeals. The Indiana board shall issue instructions for completion of the form. The form must require the Indiana board to indicate agreement or disagreement with each item that is:

- (1) if the county or township official held a preliminary conference under section 1(f) of this chapter, indicated on the petition submitted under that section by the taxpayer and the official; and
- (2) included in the county property tax assessment board of appeals' findings, record, and determination under ~~section 2.1(c)~~ **section 2.1(d)** of this chapter.

The form must also require the Indiana board to indicate the issues in dispute and its reasons in support of its resolution of those issues.

~~(d)~~ **(f)** After the hearing the Indiana board shall give the petitioner, the township assessor, the county assessor, ~~and~~ the county auditor, **and the affected taxing units required to be notified under subsection (c):**

- (1) notice, by mail, of its final determination;
- (2) a copy of the form completed under subsection ~~(c)~~; **(e)**; and
- (3) notice of the procedures they must follow in order to obtain court review under section 5 of this chapter.

~~(e)~~ **(g)** Except as provided in subsection ~~(f)~~; **(h)**, the Indiana board shall conduct a hearing not later than nine (9) months after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

~~(f)~~ **(h)** With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of real property takes effect under IC 6-1.1-4-4, the Indiana board shall conduct a hearing not later than one (1) year after a petition in proper form is filed with the Indiana board, excluding any time due to a delay reasonably caused by the petitioner.

~~(g)~~ **(i)** Except as provided in subsection ~~(h)~~; **(j)**, the Indiana board shall make a determination not later than the later of:

- (1) ninety (90) days after the hearing; or
- (2) the date set in an extension order issued by the Indiana board.

~~(h)~~ **(j)** With respect to an appeal of a real property assessment that takes effect on the assessment date on which a general reassessment of

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real property takes effect under IC 6-1.1-4-4, the Indiana board shall make a determination not later than the later of:

- (1) one hundred eighty (180) days after the hearing; or
- (2) the date set in an extension order issued by the Indiana board.

~~(i)~~ **(k)** Except as provided in subsection ~~(m)~~, **(p)**, the Indiana board may not extend the final determination date under subsection ~~(g)~~ **(i)** or ~~(h)~~ **(j)** by more than one hundred eighty (180) days. If the Indiana board fails to make a final determination within the time allowed by this subsection, the entity that initiated the petition may:

- (1) take no action and wait for the Indiana board to make a final determination; or
- (2) petition for judicial review under section 5(g) of this chapter.

~~(j)~~ **(l)** A final determination must include separately stated findings of fact for all aspects of the determination. Findings of ultimate fact must be accompanied by a concise statement of the underlying basic facts of record to support the findings. Findings must be based exclusively upon the evidence on the record in the proceeding and on matters officially noticed in the proceeding. Findings must be based upon a preponderance of the evidence.

~~(k)~~ **(m)** The Indiana board may limit the scope of the appeal to the issues raised in the petition and the evaluation of the evidence presented to the county property tax assessment board of appeals in support of those issues only if all persons participating in the hearing required under subsection (a) agree to the limitation. A person participating in the hearing required under subsection (a) is entitled to introduce evidence that is otherwise proper and admissible without regard to whether that evidence has previously been introduced at a hearing before the county property tax assessment board of appeals.

~~(h)~~ **(n)** The Indiana board:

- (1) may require the parties to the appeal to file not more than five (5) business days before the date of the hearing required under subsection (a) documentary evidence or summaries of statements of testimonial evidence; and
- (2) may require the parties to the appeal to file not more than fifteen (15) business days before the date of the hearing required under subsection (a) lists of witnesses and exhibits to be introduced at the hearing.

~~(m)~~ **(o)** A party to a proceeding before the Indiana board shall provide to another party to the proceeding the information described in subsection ~~(h)~~ **(n)** if the other party requests the information in writing at least ten (10) days before the deadline for filing of the information under subsection ~~(h)~~ **(n)**.

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~~(m)~~ (p) The county assessor may:

- (1) appear as an additional party if the notice of appearance is filed before the review proceeding; or
- (2) with the approval of the township assessor, represent the township assessor;

in a review proceeding under this section.

~~(o)~~ (q) The Indiana board may base its final determination on a stipulation between the respondent and the petitioner. If the final determination is based on a stipulated assessed valuation of tangible property, the Indiana board may order the placement of a notation on the permanent assessment record of the tangible property that the assessed valuation was determined by stipulation. The Indiana board may:

- (1) order that a final determination under this subsection has no precedential value; or
- (2) specify a limited precedential value of a final determination under this subsection.

SECTION 10. IC 6-1.1-15-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) Not later than fifteen (15) days after the Indiana board gives notice of its final determination under section 4 of this chapter to the party or the maximum allowable time for the issuance of a final determination by the Indiana board under section 4 of this chapter expires, a party to the proceeding may request a rehearing before the Indiana board. The Indiana board may conduct a rehearing and affirm or modify its final determination, giving the same notices after the rehearing as are required by section 4 of this chapter. The Indiana board has fifteen (15) days after receiving a petition for a rehearing to determine whether to grant a rehearing. Failure to grant a rehearing not later than fifteen (15) days after receiving the petition shall be treated as a final determination to deny the petition. A petition for a rehearing does not toll the time in which to file a petition for judicial review unless the petition for rehearing is granted. If the Indiana board determines to rehear a final determination, the Indiana board:

- (1) may conduct the additional hearings that the Indiana board determines necessary or review the written record without additional hearings; and
- (2) shall issue a final determination not later than ninety (90) days after notifying the parties that the Indiana board will rehear the final determination.

If ~~of~~ the Indiana board fails to make a final determination within the time allowed under subdivision (2), the entity that initiated the petition

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for rehearing may take no action and wait for the Indiana board to make a final determination or petition for judicial review under subsection (g).

(b) A person may petition for judicial review of the final determination of the Indiana board regarding the assessment of that person's tangible property. The action shall be taken to the tax court under IC 4-21.5-5. Petitions for judicial review may be consolidated at the request of the appellants if it can be done in the interest of justice. The property tax assessment board of appeals that made the determination under appeal under this section may, with the approval of the county executive, file an amicus curiae brief in the review proceeding under this section. The expenses incurred by the property tax assessment board of appeals in filing the amicus curiae brief shall be paid from the property reassessment fund under IC 6-1.1-4-27.5. In addition, the executive of a taxing unit may file an amicus curiae brief in the review proceeding under this section if the property whose assessment is under appeal is subject to assessment by that taxing unit. The department of local government finance may intervene in an action taken under this subsection if the interpretation of a rule of the department is at issue in the action. A township assessor, county assessor, member of a county property tax assessment board of appeals, or county property tax assessment board of appeals that made the original assessment determination under appeal under this section is a party to the review under this section to defend the determination.

(c) Except as provided in subsection (g), to initiate a proceeding for judicial review under this section, a person must take the action required by subsection (b) not later than:

- (1) forty-five (45) days after the Indiana board gives the person notice of its final determination, unless a rehearing is conducted under subsection (a); or
- (2) thirty (30) days after the Indiana board gives the person notice under subsection (a) of its final determination, if a rehearing is conducted under subsection (a) or the maximum time elapses for the Indiana board to make a determination under this section.

(d) The failure of the Indiana board to conduct a hearing within the period prescribed in section ~~4(f)~~ **4(h)** or ~~4(g)~~ **4(i)** of this chapter does not constitute notice to the person of an Indiana board final determination.

(e) The county executive may petition for judicial review to the tax court in the manner prescribed in this section upon request by the county assessor, ~~or the~~ elected township assessor, ~~or an affected taxing unit. If an appeal is taken at the request of an affected~~

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**taxing unit, the taxing unit shall pay the costs of the appeal.**

(f) If the county executive determines upon a request under this subsection to not appeal to the tax court:

- (1) the entity described in subsection (b) that made the original determination under appeal under this section may take an appeal to the tax court in the manner prescribed in this section using funds from that entity's budget; and
- (2) the petitioner may not be represented by the attorney general in an action described in subdivision (1).

(g) If the maximum time elapses for the Indiana board to give notice of its final determination under subsection (a) or section 4 of this chapter, a person may initiate a proceeding for judicial review by taking the action required by subsection (b) at any time after the maximum time elapses. If:

- (1) a judicial proceeding is initiated under this subsection; and
- (2) the Indiana board has not issued a determination;

the tax court shall determine the matter de novo.

SECTION 11. IC 6-1.1-15-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. (a) If the assessment of tangible property is corrected by the department of local government finance or the county property tax assessment board of appeals under section 8 of this chapter, the owner of the property has a right to appeal the final determination of the corrected assessment to the Indiana board. The county executive also has a right to appeal the final determination of the reassessment by the department of local government finance or the county property tax assessment board of appeals but only upon request by the county assessor, ~~or the~~ elected township assessor, **or an affected taxing unit. If the appeal is taken at the request of an affected taxing unit, the taxing unit shall pay the costs of the appeal.**

(b) An appeal under this section must be initiated in the manner prescribed in section 3 of this chapter or IC 6-1.5-5."

Delete pages 16 through 21.

Page 22, delete lines 1 through 23.

Page 25, between lines 15 and 16, begin a new line block indented and insert:

**"(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the building, structure, or public improvement will be made available to residents of the civil taxing unit for uses other than those planned by the civil**

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**taxing unit."**

Page 25, line 16, delete "(5)" and insert "(6)".

Page 27, between lines 31 and 32, begin a new line block indented and insert:

**"(5) With respect to a proposed bond issue or lease agreement for the acquisition, construction, renovation, improvement, expansion, or use of a building, structure, or other public improvement, whether the building, structure, or public improvement will be made available to residents of the school corporation for uses other than those planned by the school corporation."**

Page 27, line 32, delete "(5)" and insert "(6)".

Page 28, delete lines 22 through 42, begin a new paragraph and insert:

"SECTION 15. IC 6-1.1-20-3.2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3.2. If a sufficient petition requesting the application of a petition and remonstrance process has been filed as set forth in section 3.1 of this chapter, a political subdivision may not impose property taxes to pay debt service or lease rentals without completing the following procedures:

(1) The proper officers of the political subdivision shall give notice of the applicability of the petition and remonstrance process by:

- (A) publication in accordance with IC 5-3-1; and
- (B) first class mail to the organizations described in section 3.1(1)(B) of this chapter.

A notice under this subdivision must include a statement that any owners of real property **or tenants of residential property** within the political subdivision who want to petition in favor of or remonstrate against the proposed debt service or lease payments must file petitions and remonstrances in compliance with subdivisions (2) through (4) not earlier than thirty (30) days or later than sixty (60) days after publication in accordance with IC 5-3-1.

(2) Not earlier than thirty (30) days or later than sixty (60) days after the notice under subdivision (1) is given:

- (A) petitions (described in subdivision (3)) in favor of the bonds or lease; and
- (B) remonstrances (described in subdivision (3)) against the bonds or lease;

may be filed by an owner or owners of real property **or a tenant or tenants of residential property** within the political

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subdivision. **A petition or remonstrance signed by a tenant of residential property must be accompanied by an affidavit setting forth the name of the landlord and the property address of the tenant's leasehold.** Each signature on a petition must be dated and the date of signature may not be before the date on which the petition and remonstrance forms may be issued under subdivision (3). A petition described in clause (A) or a remonstrance described in clause (B) must be verified in compliance with subdivision (4) before the petition or remonstrance is filed with the county auditor under subdivision (4).

(3) The state board of accounts shall design and, upon request by the county auditor, deliver to the county auditor or the county auditor's designated printer the petition, ~~and~~ remonstrance, **and affidavit** forms to be used solely in the petition and remonstrance process described in this section. The county auditor shall issue to an owner or owners of real property **or a tenant or tenants of residential property** within the political subdivision the number of petition or remonstrance forms requested by the owner or owners **or tenant or tenants**. Each form must be accompanied by instructions detailing the requirements that:

- (A) the carrier and signers must be owners of real property **or tenants of residential property**;
- (B) the carrier must be a signatory on at least one (1) petition;
- (C) after the signatures have been collected, the carrier must swear or affirm before a notary public that the carrier witnessed each signature;
- (D) govern the closing date for the petition and remonstrance period; and
- (E) apply to the carrier under section 10 of this chapter.

Persons requesting forms may not be required to identify themselves and may be allowed to pick up additional copies to distribute to other property owners **or tenants of residential property**. The county auditor may not issue a petition or remonstrance form earlier than twenty-nine (29) days after the notice is given under subdivision (1). The county auditor shall certify the date of issuance on each petition or remonstrance form that is distributed under this subdivision.

(4) The petitions, ~~and~~ remonstrances, **and affidavits** must be verified in the manner prescribed by the state board of accounts and filed with the county auditor within the sixty (60) day period described in subdivision (2) in the manner set forth in section 3.1

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of this chapter relating to requests for a petition and remonstrance process.

(5) The county auditor must file a certificate and the petition or remonstrance with the body of the political subdivision charged with issuing bonds or entering into leases within fifteen (15) business days of the filing of a petition or remonstrance under subdivision (4), whichever applies, containing ten thousand (10,000) signatures or less. The county auditor may take an additional five (5) days to review and certify the petition or remonstrance for each additional five thousand (5,000) signatures up to a maximum of sixty (60) days. The certificate must state the number of petitioners and remonstrators that are owners of real property **and the number of petitioners and remonstrators who are tenants of residential property** within the political subdivision.

(6) If a greater number of owners of real property **plus tenants of residential property** within the political subdivision sign a remonstrance than the number that signed a petition, the bonds petitioned for may not be issued or the lease petitioned for may not be entered into. The proper officers of the political subdivision may not make a preliminary determination to issue bonds or enter into a lease for the controlled project defeated by the petition and remonstrance process under this section or any other controlled project that is not substantially different within one (1) year after the date of the county auditor's certificate under subdivision (5). Withdrawal of a petition carries the same consequences as a defeat of the petition.

(7) After a political subdivision has gone through the petition and remonstrance process set forth in this section, the political subdivision is not required to follow any other remonstrance or objection procedures under any other law (including section 5 of this chapter) relating to bonds or leases designed to protect owners of real property **and tenants of residential property** within the political subdivision from the imposition of property taxes to pay debt service or lease rentals. However, the political subdivision must still receive the approval of the department of local government finance required by IC 6-1.1-18.5-8 or IC 6-1.1-19-8.

SECTION 16. IC 6-1.1-20.6 IS ADDED TO THE INDIANA CODE AS A **NEW** CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

**Chapter 20.6. Property Tax Credits**

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**Sec. 1. As used in this chapter:**

- (1) "2002 liability" means the amount of property taxes imposed on a homestead first due and payable in 2002;
- (2) "2003 increase" means the amount by which the 2003 liability exceeds the 2002 liability;
- (3) "2003 liability" means the amount of property taxes imposed on a homestead first due and payable in 2003;
- (4) "fiscal body" has the meaning set forth in IC 36-1-2-6;
- (5) "homestead" has the meaning set forth in IC 6-1.1-20.9-1;
- (6) "property tax liability" means liability for the tax imposed on property under this article determined after application of all credits and deductions under this article, except a credit under this chapter, but does not include any interest or penalty imposed under this article; and
- (7) "qualifying homestead" means a homestead with respect to which:
  - (A) the 2003 increase:
    - (i) exceeds the 2002 liability; and
    - (ii) is at least five hundred dollars (\$500); and
  - (B) the person liable for the 2003 liability is the same person liable for the property taxes for the year in which a credit under this chapter applies.

**Sec. 2. Subject to section 6 of this chapter:**

- (1) for property taxes first due and payable in 2005, 2006, 2007, and 2008, a county fiscal body may adopt an ordinance to:
  - (A) apply the credit under section 3 of this chapter; or
  - (B) apply the credit under section 4 of this chapter; and
- (2) for property taxes first due and payable in a year that follows 2008, a county fiscal body may adopt an ordinance to apply the credit under section 3 of this chapter.

**Sec. 3. If a credit is authorized under section 2(1)(A) or 2(2) of this chapter for property taxes first due and payable in a calendar year:**

- (1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's tangible property located in the county; and
- (2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's tangible property for property taxes first due and payable in that calendar year exceeds two percent (2%) of the gross

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assessed value that is the basis for determination of property taxes on the tangible property for property taxes first due and payable in that calendar year.

Sec. 4. If a credit is authorized under section 2(1)(B) of this chapter for property taxes first due and payable in a calendar year, a person is entitled to a credit against the person's property tax liability with respect to the person's qualifying homestead located in the county in the amount of the product of:

- (1) the 2003 increase; multiplied by
- (2) the percentage from the following table corresponding to the year in which property taxes are first due and payable:

YEAR	PERCENTAGE
2005	80%
2006	60%
2007	40%
2008	20%

Sec. 5. (a) A person is not required to file an application for the credit under this chapter. The county auditor shall:

- (1) identify property in the county eligible for a credit under this chapter; and
- (2) apply the credit.

(b) The county auditor and county treasurer may apply the credit under this chapter for property taxes first due and payable in 2005 by adjustment of the statement for the property tax installment due November 10, 2005.

Sec. 6. (a) A county fiscal body adopting an ordinance to apply a credit under this chapter must adopt the ordinance before July 1 of a calendar year to authorize the credit for property taxes first due and payable in the immediately succeeding calendar year.

(b) An ordinance adopted under section 2(1) of this chapter may identify which of the credits applies for one (1) or more of the years referred to in section 2(1) of this chapter.

(c) An ordinance adopted under section 2(2) of this chapter may apply the credit permitted in section 2(2) of this chapter for one (1) or more of the years referred to in section 2(2) of this chapter.

(d) A county fiscal body may amend an ordinance adopted under this chapter before July 1 of a year to change the application of the credits under this chapter for subsequent years.

Sec. 7. (a) A political subdivision may use any source of revenue available to the political subdivision to offset a revenue loss that would otherwise result from the application of credits under this chapter.

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**(b) A political subdivision may not appeal for an excessive levy in a year succeeding a year in which a credit under this chapter applies to make up for a revenue loss that results from the application of the credit."**

Page 29, delete lines 1 through 7.

Page 29, line 12, delete "the information in" and insert **"each political subdivision's total amount of expenditures per person during the immediately preceding calendar year, based on the political subdivision's population determined by the most recent federal decennial census;"**.

Page 29, delete line 13.

Page 29, line 14, delete "information" and insert **"report"**.

Page 29, line 15, after "finance;" insert **"and"**.

Page 29, line 19, delete "; and" and insert **"."**.

Page 29, delete lines 20 through 31.

Page 29, line 32, delete "(c)" and insert **"(b)"**.

Page 29, line 34, delete "under subsection (b)".

Page 29, delete lines 36 through 42, begin a new paragraph and insert:

**"SECTION 18. IC 6-1.5-5-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) After receiving a petition for review that is filed under a statute listed in section 1(a) of this chapter, the Indiana board shall, at its earliest opportunity:**

- (1) conduct a hearing; or**
- (2) cause a hearing to be conducted by an administrative law judge.**

The Indiana board may determine to conduct the hearing under subdivision (1) on its own motion or on request of a party to the appeal.

**(b) In its resolution of a petition, the Indiana board may:**

- (1) assign:**
  - (A) full;**
  - (B) limited; or**
  - (C) no;**
evidentiary value to the assessed valuation of tangible property determined by stipulation submitted as evidence of a comparable sale; and
- (2) correct any errors that may have been made, and adjust the assessment in accordance with the correction.**

**(c) The Indiana board shall give notice of the date fixed for the hearing and send a copy of the petition filed under section 1 of this chapter, by mail, to:**

- (1) the taxpayer;**

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- (2) the department of local government finance; and
- (3) the appropriate:
  - (A) township assessor;
  - (B) county assessor; and
  - (C) county auditor.

**(d) With respect to an appeal of the assessment of real property or personal property filed after June 30, 2005, the notices required under subsection (c) must include the following:**

- (1) The assessed value of the appealed items for the assessment date immediately preceding the assessment date for which the appeal was filed under section 1 of this chapter.**
- (2) The action of the department of local government finance with respect to the appealed items.**
- (3) A statement that a taxing unit receiving the notice from the county auditor under subsection (e) may:**
  - (A) attend the hearing;**
  - (B) offer testimony; and**
  - (C) file an amicus curiae brief in the proceeding.**

**A taxing unit that receives a notice from the county auditor under subsection (e) is not a party to the appeal.**

**(e) If, after receiving notice of a hearing under subsection (c), the county auditor determines that the assessed value of the appealed items constitutes at least one percent (1%) of the total gross certified assessed value of a particular taxing unit for the assessment date immediately preceding the assessment date for which the appeal was filed, the county auditor shall send a copy of the notice to the affected taxing unit. Failure of the county auditor to send a copy of the notice to the affected taxing unit does not affect the validity of the appeal or delay the appeal.**

**(f) The Indiana board shall give the notices required under subsection (c) at least thirty (30) days before the day fixed for the hearing.**

**SECTION 19. IC 6-1.5-5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. After the hearing, the Indiana board shall give the petitioner, the township assessor, the county assessor, the county auditor, the affected taxing units required to be notified under section 2(e) of this chapter, and the department of local government finance:**

- (1) notice, by mail, of its final determination, findings of fact, and conclusions of law; and**
- (2) notice of the procedures the petitioner or the department of local government finance must follow in order to obtain court**

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review of the final determination of the Indiana board."

Page 30, delete lines 1 through 25.

Page 30, delete lines 37 through 38.

Page 30, line 39, delete "(6)" and insert "(5)".

Page 30, line 40, delete "(7)" and insert "(6)".

Page 30, line 42, delete "(8)" and insert "(7)".

Page 31, line 1, delete "(9)" and insert "(8)".

Page 32, line 37, strike "at least one dollar and fifty cents (\$1.50) of".

Page 32, line 38, strike "for every three".

Page 32, line 39, strike "dollars (\$3) in credits provided under this chapter." and insert **"in an amount determined by the corporation."**

Page 33, between lines 38 and 39, begin a new paragraph and insert:

**"SECTION 24. IC 6-3.1-13-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. (a) The ~~board~~ corporation shall determine the amount and duration of a tax credit awarded under this chapter. The duration of the credit may not exceed ten (10) taxable years. The credit may be stated as a percentage of the incremental income tax withholdings attributable to the applicant's project and may include a fixed dollar limitation. In the case of a credit awarded for a project to create new jobs in Indiana, the credit amount may not exceed the incremental income tax withholdings. However, the credit amount claimed for a taxable year may exceed the taxpayer's state tax liability for the taxable year, in which case the ~~excess shall be refunded to the taxpayer~~ may carry the excess credit over for a period not to exceed the taxpayer's following two (2) taxable years. The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a credit under this chapter for any subsequent taxable year. A taxpayer is not entitled to a carryback or refund of any unused credit amount.**

(b) For state fiscal years 2004, ~~and~~ 2005, **2006, and 2007**, the aggregate amount of credits awarded under this chapter for projects to retain existing jobs in Indiana may not exceed five million dollars (\$5,000,000) per year.

SECTION 25. IC 6-3.1-13-19 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19. In the case of a credit awarded for a project to create new jobs in Indiana, the ~~board~~ **corporation** shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the project that is the subject of the

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agreement.

(2) The duration of the tax credit and the first taxable year for which the credit may be claimed.

(3) The credit amount that will be allowed for each taxable year.

(4) A requirement that the taxpayer shall maintain operations at the project location for at least two (2) ~~times the number of~~ years **as the term of following the last taxable year in which the applicant claims the tax credit or carries over an unused portion of the tax credit under section 18 of this chapter.** A taxpayer is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.

(5) A specific method for determining the number of new employees employed during a taxable year who are performing jobs not previously performed by an employee.

(6) A requirement that the taxpayer shall annually report to the ~~board~~ **corporation** the number of new employees who are performing jobs not previously performed by an employee, the new income tax revenue withheld in connection with the new employees, and any other information the director needs to perform the director's duties under this chapter.

(7) A requirement that the director is authorized to verify with the appropriate state agencies the amounts reported under subdivision (6), and after doing so shall issue a certificate to the taxpayer stating that the amounts have been verified.

(8) A requirement that the taxpayer shall provide written notification to the director and the ~~board~~ **corporation** not more than thirty (30) days after the taxpayer makes or receives a proposal that would transfer the taxpayer's state tax liability obligations to a successor taxpayer.

(9) Any other performance conditions that the ~~board~~ **corporation** determines are appropriate.

SECTION 26. IC 6-3.1-13-19.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 19.5. (a) In the case of a credit awarded for a project to retain existing jobs in Indiana, the ~~board~~ **corporation** shall enter into an agreement with an applicant that is awarded a credit under this chapter. The agreement must include all of the following:

(1) A detailed description of the business that is the subject of the agreement.

(2) The duration of the tax credit and the first taxable year for which the credit may be claimed.

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(3) The credit amount that will be allowed for each taxable year.

(4) A requirement that the applicant shall maintain operations at the project location for at least two (2) ~~times the number of~~ years ~~as the term of following the last taxable year in which the applicant claims~~ the tax credit ~~or carries over an unused portion of the tax credit under section 18 of this chapter~~. An applicant is subject to an assessment under section 22 of this chapter for noncompliance with the requirement described in this subdivision.

(5) A requirement that the applicant shall annually report the following to the ~~board~~ **corporation**:

(A) The number of employees who are employed in Indiana by the applicant.

(B) The compensation (including benefits) paid to the applicant's employees in Indiana.

(C) The amount of the:

(i) facility improvements;

(ii) equipment and machinery upgrades, repairs, or retrofits;  
or

(iii) other direct business related investments, including training.

(6) A requirement that the applicant shall provide written notification to the director and the ~~board~~ **corporation** not more than thirty (30) days after the applicant makes or receives a proposal that would transfer the applicant's state tax liability obligations to a successor taxpayer.

(7) A requirement that the chief executive officer of the company applying for a credit under this chapter must verify under penalty of perjury that the disparity between projected costs of the applicant's project in Indiana compared with the costs for the project in a competing site is real and actual.

(8) Any other performance conditions that the ~~board~~ **corporation** determines are appropriate.

(b) An agreement between an applicant and the ~~board~~ **corporation** must be submitted to the budget committee for review and must be approved by the budget agency before an applicant is awarded a credit under this chapter for a project to retain existing jobs in Indiana."

Page 34, delete lines 7 through 42, begin a new paragraph and insert:

"SECTION 28. IC 6-3.1-26-14 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 14. ~~(a)~~ The total amount of a tax credit claimed **for a taxable year** under this chapter

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equals ~~thirty ten~~ percent (~~30%~~) **(10%)** of the amount of a qualified investment made by the taxpayer in Indiana **during that taxable year.**

~~(b) In the taxable year in which a taxpayer makes a qualified investment, the taxpayer may claim a credit under this chapter in an amount equal to the lesser of:~~

~~(1) thirty percent (30%) of the amount of the qualified investment; or~~

~~(2) the taxpayer's state tax liability growth.~~

The taxpayer may carry forward any unused credit.

SECTION 29. IC 6-3.1-26-15 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 15. (a) A taxpayer may carry forward an unused credit for not more than ~~nine (9)~~ **five (5)** consecutive taxable years beginning with the taxable year after the taxable year in which the taxpayer makes the qualified investment.

~~(b) The amount that a taxpayer may carry forward to a particular taxable year under this section equals the lesser of the following:~~

~~(1) The taxpayer's state tax liability growth.~~

~~(2) The unused part of a credit allowed under this chapter.~~

~~(c) A taxpayer may:~~

~~(1) claim a tax credit under this chapter for a qualified investment; and~~

~~(2) carry forward a remainder for one (1) or more different qualified investments;~~

~~in the same taxable year.~~

~~(d) The total amount of each tax credit claimed under this chapter may not exceed thirty ten percent (30%) (10%) of the qualified investment for which the tax credit is claimed.~~

SECTION 30. IC 6-3.1-26-16 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 16. If a pass through entity does not have state tax liability ~~growth~~ against which the tax credit may be applied, a shareholder or partner of the pass through entity is entitled to a tax credit equal to:

(1) the tax credit determined for the pass through entity for the taxable year; multiplied by

(2) the percentage of the pass through entity's distributive income to which the shareholder or partner is entitled.

SECTION 31. IC 6-3.1-26-18 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 18. After receipt of an application, the ~~board~~ **corporation** may enter into an agreement with the applicant for a credit under this chapter if the ~~board~~ **corporation** determines that all the following conditions exist:

~~(1) The applicant has conducted business in Indiana for at least~~

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one ~~(1)~~ year immediately preceding the date the application is received:

~~(2)~~ (1) The applicant's project will raise the total earnings of employees of the applicant in Indiana.

~~(3)~~ (2) The applicant's project is economically sound and will benefit the people of Indiana by increasing opportunities for employment and strengthening the economy of Indiana.

~~(4)~~ (3) Receiving the tax credit is a major factor in the applicant's decision to go forward with the project and not receiving the tax credit will result in the applicant not raising the total earnings of employees in Indiana.

~~(5)~~ (4) Awarding the tax credit will result in an overall positive fiscal impact to the state, as certified by the budget agency using the best available data.

~~(6)~~ (5) The credit is not prohibited by section 19 of this chapter.

~~(7)~~ (6) The average wage that will be paid by the taxpayer to its employees (excluding highly compensated employees) at the location after the credit is given will be at least equal to one hundred fifty percent (150%) of the hourly minimum wage under IC 22-2-2-4 or its equivalent.

SECTION 32. IC 6-3.5-7-25 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE MARCH 31, 2005 (RETROACTIVE)]: Sec. 25. (a) This section applies only to a county that has adopted an ordinance under IC 6-1.1-12-41(f).

(b) For purposes of this section, "imposing entity" means the entity that adopted the ordinance under IC 6-1.1-12-41(f).

(c) The imposing entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). A county income tax council that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. Except as provided in subsection (j), an ordinance must be adopted under this subsection after January 1 but before ~~April~~ **June** 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the calendar year that immediately succeeds the calendar year in which the ordinance is adopted;
- (2) must specify the calendar years to which the ordinance applies; and
- (3) must specify that the certified distribution must be used to

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provide for:

- (A) uniformly applied increased homestead credits as provided in subsection (f); or
- (B) allocated increased homestead credits as provided in subsection (h).

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 26 of this chapter.

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection ~~(g)~~; **(i)**; and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the imposing entity shall use the certified distribution described in section 16(c) of this chapter to increase the homestead credit allowed in the county under IC 6-1.1-20.9 for a year to offset the effect on homesteads in the county resulting from a county deduction for inventory under IC 6-1.1-12-41.

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(3)(A), the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the year in the county that equals the amount determined under subdivision (1); and
- (3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).

(g) The increased percentage of homestead credit determined by the county auditor under subsection (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(h) If the imposing entity specifies the application of allocated increased homestead credits under subsection (c)(3)(B), the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and
- (2) an increased percentage of homestead credit for each taxing

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district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-41 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-41 in the county for the immediately preceding year's assessment date.

(i) The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the homestead credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased homestead credit.

(j) An entity authorized to adopt:

- (1) an ordinance under subsection (c); and
- (2) an ordinance under IC 6-1.1-12-41(f);

may consolidate the two (2) ordinances. The limitation under subsection (c) that an ordinance must be adopted after January 1 of a calendar year does not apply if a consolidated ordinance is adopted under this subsection. **However, notwithstanding subsection (c)(1), the ordinance must state that it first applies to certified distributions in the calendar year in which property taxes are initially affected by the deduction under IC 6-1.1-12-41.**

SECTION 33. IC 6-3.5-7-25.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 25.5. Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of homestead credit determined under section 25(h)(2) of this chapter if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county."**

Delete page 35.

Page 36, delete lines 1 through 16.

Page 38, line 14, delete "The" and insert "**Subject to the approval of the imposing entity, the**".

Page 40, delete lines 10 through 17.

Page 48, line 39, after "Federal" insert "**tax**".

Page 48, line 39, delete "numbers" and insert "**number**".

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Page 49, line 27, delete "sales" and insert "**gross retail, use,**".

Page 49, delete lines 33 through 42.

Delete pages 50 through 65.

Page 66, delete lines 1 through 5.

Page 67, between lines 18 and 19, begin a new paragraph and insert:

"SECTION 46. IC 36-7-32-6.5 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 6.5. As used in this chapter, "gross retail incremental amount" means the remainder of:**

(1) the aggregate amount of state gross retail and use taxes that are remitted under IC 6-2.5 by businesses operating in the territory comprising a certified technology park during a state fiscal year; minus

(2) the gross retail base period amount;

as determined by the department of state revenue.".

Page 67, delete lines 40 through 41, begin a new paragraph and insert:

"SECTION 48. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2005]: IC 5-3-1-3; IC 6-3.1-26-10.".

Page 68, line 5, delete "and".

Page 68, line 5, after "IC 6-3.1-13-17," insert "**IC 6-3.1-13-19, and IC 6-3.1-13-19.5,**".

Page 68, line 6, after "by the" insert "**Indiana**".

Page 68, line 7, delete "for a growing economy board" and insert "**corporation under IC 6-3.1-13**".

Page 68, line 8, after "2005." insert "**Credits awarded under IC 6-3.1-13 before July 1, 2005, remain subject to the provisions of IC 6-3.1-13 as in effect on June 30, 2005.**".

Page 68, between lines 16 and 17, begin a new paragraph and insert:

"(d) **IC 6-3.1-26-14, IC 6-3.1-26-15, IC 6-3.1-26-16, and IC 6-3.1-26-18, all as amended by this act, apply only to credits awarded by the Indiana economic development corporation under IC 6-3.1-26 after June 30, 2005. Credits awarded under IC 6-3.1-26 before July 1, 2005, remain subject to the provisions of IC 6-3.1-26 as in effect on June 30, 2005.**".

Page 68, line 17, delete "(d)" and insert "(e)".

Page 68, line 23, delete "(e)" and insert "(f)".

Page 68, line 26, delete "(f)" and insert "(g)".

Page 68, between lines 27 and 28, begin a new paragraph and insert:

"SECTION 51. [EFFECTIVE UPON PASSAGE] **(a) An ordinance that:**

(1) is adopted under IC 6-1.1-12-41 or IC 6-3.5-7-25 after

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March 30, 2004, and before the passage of this act; and  
 (2) would have been valid if this act had been enacted before  
 the time the ordinance was adopted;  
 shall be treated as valid to the same extent as if this act had been  
 enacted before the ordinance was adopted.

(b) The department of local government finance may adopt  
 interim rules in the manner provided for the adoption of  
 emergency rules under IC 4-22-2-37.1 to govern the determination  
 of deductions, the processing of personal property tax returns, and  
 the calculation of the assessed valuation of each taxpayer in cases  
 in which:

- (1) the personal property of the taxpayer is eligible for a  
 deduction under IC 6-1.1-12-41, as amended by this act, as the  
 result of the adoption of an ordinance under IC 6-1.1-12-41,  
 as amended by this act, after March 30, 2004; and
- (2) the taxpayer did not take the deduction on the taxpayer's  
 personal property tax return.

The rules may include special procedures and filing dates for filing  
 an amended return.

(c) An interim rule adopted under subsection (b) expires on the  
 earliest of the following:

- (1) The date that the department of local government finance  
 adopts an interim rule under subsection (b) to supersede a  
 rule previously adopted under subsection (b).
- (2) The date that the department of local government finance  
 adopts a permanent rule under IC 4-22-2 to supersede a rule  
 previously adopted under subsection (b).
- (3) The date that the department of local government finance  
 adopts under subsection (b) or IC 4-22-2 a repeal of a rule  
 previously adopted under subsection (b).
- (4) December 31, 2006."

Page 68, delete line 34.

Page 68, line 35, delete "(2) IC 6-3.5-7-25, as amended by this act;"  
 and insert "(1) IC 6-3.5-7-25.5, as added by this act;"

Page 68, line 36, delete "(3)" and insert "(2)".

Page 69, between lines 19 and 20, begin a new paragraph and insert:  
 "SECTION 55. [EFFECTIVE JULY 1, 2005] IC 6-1.1-20-3.2, as  
 amended by this act, does not apply to a petition and remonstrance  
 procedure that is commenced before July 1, 2005.

SECTION 56. [EFFECTIVE UPON PASSAGE] IC 6-1.1-20.6, as  
 added by this act, applies only to property taxes first due and  
 payable after December 31, 2004.



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SECTION 57. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) For purposes of this SECTION:

(1) "fiscal body" has the meaning set forth in IC 36-1-2-6;

(2) "settlement amount" means an amount that:

(A) exceeds ten million dollars (\$10,000,000); and

(B) is received by the county auditor on behalf of a county and the political subdivisions in the county in 2005 or 2006 as a result of the settlement of one (1) or more cases before the Indiana tax court concerning the property tax assessments of tangible property that are the basis for determination of property taxes payable by a taxpayer in the county for one (1) or more calendar years that precede 2006; and

(3) "subsequent year's taxes" means the property taxes imposed by a political subdivision on tangible property in the political subdivision, other than property taxes imposed on tangible property for which a taxpayer that paid all or part of the settlement amount is liable, for property taxes first due and payable in the calendar year that immediately succeeds the calendar year in which the settlement amount is received.

(c) The fiscal body of a political subdivision may adopt an ordinance:

(1) before September 1, 2005, to direct the county auditor to use the part of a settlement amount attributable to the political subdivision to apply a credit against the subsequent year's taxes for property taxes first due and payable in 2006; and

(2) before September 1, 2006, to direct the county auditor to use the part of a settlement amount attributable to the political subdivision to apply a credit against the subsequent year's taxes for property taxes first due and payable in 2007.

The total amount of the credits applied under this subsection must equal the part of the settlement amount received by the political subdivision in the immediately preceding calendar year. The settlement amount received must be used to replace the amount of property tax revenue lost due to the allowance of the credit in the political subdivision. The county auditor shall retain the settlement amount and distribute the money to the political subdivisions in the county as though the money were property tax collections and in such a manner that a political subdivision does not suffer a net revenue loss due to the allowance of the credit under this

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subsection.

(d) A credit under subsection (c) applies as a percentage of the liability for property taxes before the application of the credits under IC 6-1.1-20.9 and IC 6-1.1-21. The percentage applicable in a taxing district that is attributable to a political subdivision in which the taxing district is located is determined under the last STEP of the following STEPS:

**STEP ONE:** Determine the total assessed value of tangible property (after the application of all applicable deductions under IC 6-1.1), other than tangible property for which a taxpayer that paid all or part of the settlement amount is liable for property taxes, in the political subdivision that is the basis for the subsequent year's taxes.

**STEP TWO:** Determine the total assessed value of tangible property (after the application of all applicable deductions under IC 6-1.1), other than tangible property for which a taxpayer that paid all or part of the settlement amount is liable for property taxes, in the taxing district that constitutes a part of the total assessed value that is the basis for the subsequent year's taxes.

**STEP THREE:** Determine the quotient of the total assessed value determined under STEP TWO divided by the total assessed value determined under STEP ONE.

**STEP FOUR:** Determine the product of:

- (A) the part of a settlement amount attributable to the political subdivision; multiplied by
- (B) the quotient determined in STEP THREE.

**STEP FIVE:** Determine the total property tax levy in the taxing district for the subsequent year's taxes, before the application of the credits under IC 6-1.1-20.9 and IC 6-1.1-21.

**STEP SIX:** Determine the quotient of:

- (A) the product determined under STEP FOUR; divided by
- (B) the remainder determined under STEP FIVE; expressed as a percentage.

The total credit percentage applicable in a taxing district is the sum of the percentages determined under STEP SIX with respect to all political subdivisions in which the taxing district is located.

(e) If a fiscal body adopts an ordinance under subsection (c):

- (1) the part of the settlement amount attributable to the political subdivision is set aside in a separate fund of the political subdivision for the sole purpose of dedicating the

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money in the fund to providing credits under subsection (c);  
 (2) money in the separate fund does not become part of the political subdivision's levy excess fund under IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7; and  
 (3) for the year in which the subsequent year's taxes are first due and payable, the total county tax levy under IC 6-1.1-21-2(g) is reduced by the part of the settlement amount attributable to the political subdivision that, notwithstanding subdivisions (1) and (2), would have been deposited in the political subdivision's levy excess fund under IC 6-1.1-18.5-17 or IC 6-1.1-19-1.7.

(f) This SECTION expires January 1, 2008."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 496 as introduced.)

KENLEY, Chairperson

Committee Vote: Yeas 11, Nays 0.

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SENATE MOTION

Madam President: I move that Senator Hume be removed as second author of Senate Bill 496.

HUME

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SENATE MOTION

Madam President: I move that Senator Simpson be added as second author and Senator Hume be added as coauthor of Senate Bill 496.

KENLEY

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SENATE MOTION

Madam President: I move that Senate Bill 496 be amended to read as follows:

Page 7, line 1, strike "miscellaneous" and insert "**additional**".

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Page 8, delete lines 40 through 42.

Delete pages 9 through 11.

Page 12, delete lines 1 through 37.

Page 23, line 28, delete "and a copy of the" and insert ",".

Page 23, line 29, delete "petition filed under section 3 of this chapter,".

Page 23, delete lines 34 through 36.

Page 23, line 37, delete "(2)" and insert "(1)".

Page 23, line 39, delete "(3)" and insert "(2)".

Page 30, line 34, after "years" insert ", **if the bonded indebtedness or lease is payable from ad valorem property taxes, the county adjusted gross income tax imposed under IC 6-3.5-1.1, the county option income tax imposed under IC 6-3.5-6, or the county economic development income tax imposed under IC 6-3.5-7. With respect to bonded indebtedness or a lease payable from ad valorem property taxes, the petition must be filed**".

Page 31, line 1, after "chapter" insert "**or the department of state revenue, or both,**".

Page 31, line 2, after "lease." insert "**The local government tax control board, the department of state revenue, and other state agencies shall provide information to the department that the department considers necessary to determine the estimated impact of the issuance of bonds or execution of a lease on the civil taxing unit's ad valorem property tax rate or the rate of an income tax imposed by the civil taxing unit under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7.**".

Page 31, line 35, delete "tax" and insert "**ad valorem property tax rate or on the rate of an income tax imposed by the civil taxing unit under IC 6-3.5-1.1, IC 6-3.5-6, or IC 6-3.5-7**".

Page 31, line 36, delete "rates".

Page 40, line 23, after "includes" insert ":".

Page 40, line 23, before "each" begin a new line double block indented and insert:

**"(A)".**

Page 40, line 27, after "census;" insert "**and**

**(B) based on the information prepared for all political subdivisions under clause (A), the highest, lowest, median, and average amount of expenditures per person for each type of political subdivision throughout Indiana.**".

Page 40, between lines 33 and 34, begin a new line blocked left and insert:

**"The report must be presented in a format that is understandable**

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to the average individual and that permits easy comparison of the information prepared for each political subdivision under subdivision (1)(A) to the statewide information prepared for that type of political subdivision under subdivision (1)(B).".

Page 41, line 14, delete "and send a copy of the petition filed under section 1 of this".

Page 41, line 15, delete "chapter,".

Page 41, line 15, after "mail" delete ",".

Page 41, delete lines 25 through 27.

Page 41, line 28, delete "(2)" and insert "(1)".

Page 41, line 30, delete "(3)" and insert "(2)".

Page 69, line 13, delete "(a) The definitions set".

Page 69, delete lines 14 through 15.

Page 69, line 16, delete "(b)" and insert "(a)".

Page 69, run in lines 13 through 16.

Page 69, line 16, after "SECTION," insert **"IC 6-1.1-18.5-8 and IC 6-1.1-19-8, both as amended by"**.

Page 69, line 16, after "act" insert ",".

Page 69, line 17, delete "applies" and insert **"apply"**.

Page 69, line 18, delete "(c)" and insert **"(b)"**.

Page 69, line 24, delete "(d)" and insert **"(c)"**.

Page 69, line 24, delete "political subdivision" and insert **"civil taxing unit or school corporation"**.

Page 69, line 28, delete "political subdivision" and insert **"civil taxing unit or school corporation"**.

Page 69, line 34, delete "political subdivision" and insert **"civil taxing unit or school corporation"**.

Re-number all SECTIONS consecutively.

(Reference is to SB 496 as printed February 11, 2005.)

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#### SENATE MOTION

Madam President: I move that Senate Bill 496 be amended to read as follows:

Page 15, between lines 12 and 13, begin a new paragraph and insert:

"SECTION 5. IC 6-1.1-4-39 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 39. (a) For assessment dates after February 28, 2005, except as provided in ~~subsection~~ **subsections (c) and (e)**, the true tax value of real property

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regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more and that has more than four (4) rental units is the lowest valuation determined by applying each of the following appraisal approaches:

- (1) Cost approach that includes an estimated reproduction or replacement cost of buildings and land improvements as of the date of valuation together with estimates of the losses in value that have taken place due to wear and tear, design and plan, or neighborhood influences.
- (2) Sales comparison approach, using data for generally comparable property.
- (3) Income capitalization approach, using an applicable capitalization method and appropriate capitalization rates that are developed and used in computations that lead to an indication of value commensurate with the risks for the subject property use.

(b) The gross rent multiplier method is the preferred method of valuing:

- (1) real property that has at least one (1) and not more than four (4) rental units; and
- (2) mobile homes assessed under IC 6-1.1-7.

(c) A township assessor is not required to appraise real property referred to in subsection (a) using the three (3) appraisal approaches listed in subsection (a) if the township assessor and the taxpayer agree before notice of the assessment is given to the taxpayer under section 22 of this chapter to the determination of the true tax value of the property by the assessor using one (1) of those appraisal approaches.

(d) To carry out this section, the department of local government finance may adopt rules for assessors to use in gathering and processing information for the application of the income capitalization method and the gross rent multiplier method. A taxpayer must verify under penalties for perjury any information provided to the assessor for use in the application of either method.

**(e) The true tax value of low income rental property (as defined in section 41 of this chapter) is not determined under subsection (a). The assessment method prescribed in section 41 of this chapter is the exclusive method for assessment of that property.**

SECTION 6. IC 6-1.1-4-41 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: **Sec. 41. (a) For purposes of this section:**

- (1) "low income rental property" means real property used to provide low income housing eligible for federal income tax credits awarded under Section 42 of the Internal Revenue**

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Code; and

(2) "rental period" means the period during which low income rental property is eligible for federal income tax credits awarded under Section 42 of the Internal Revenue Code.

(b) For assessment dates after February 28, 2006, except as provided in subsection (c), the true tax value of low income rental property is the product of:

(1) the total gross rent received from the rental of all units in the property in the year that ends on the assessment date; multiplied by

(2) eight (8).

(c) An assessed value determined under this section may be reduced by the county property tax assessment board of appeals on appeal under IC 6-1.1-15 if the taxpayer demonstrates on appeal that, because of deterioration of the neighborhood in which the low income rental property is located, the market value of the property at the end of the rental period is anticipated to be less than one-half(1/2) of the assessed value determined under subsection (b). If the assessed value is reduced under this subsection, the assessed value is reduced to the market value demonstrated by the taxpayer under this subsection.

(d) The department of local government finance may adopt rules under IC 4-22-2 to implement this section."

Renumber all SECTIONS consecutively.

(Reference is to SB 496 as printed February 11, 2005.)

KENLEY

#### COMMITTEE REPORT

Mr. Speaker: Your Committee on Ways and Means, to which was referred Senate Bill 496, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill be amended as follows:

Page 1, between the enacting clause and line 1, begin a new paragraph and insert:

"SECTION 1. IC 2-2.1-4 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]:

#### Chapter 4. Budget Bills

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**Sec. 1.** As used in this chapter, "general appropriation" refers to an appropriation described in section 10 of this chapter.

**Sec. 2.** Except as provided in sections 4 and 5 of this chapter, all of the general appropriations enacted by the general assembly for a state fiscal year, including appropriations for a state fiscal year made by a continuing appropriation enacted in any law, are void if the total of the general appropriations for the state fiscal year exceeds ninety-nine percent (99%) of the state revenue that the budget agency estimates under section 6 of this chapter will be available in the state fiscal year to pay for the appropriations. This section applies to all the general appropriations enacted for a state fiscal year regardless of whether the appropriations were enacted in the same bill or in the same session of the general assembly.

**Sec. 3.** The general appropriations enacted in a budget bill (as defined in IC 4-12-1-2) are void if:

(1) the bill includes appropriations for a state fiscal year, including increases in the appropriations for a state fiscal year, that total at least one hundred million dollars (\$100,000,000); and

(2) the last version of the bill available to and voted on by each legislator or, if a later conference committee report was adopted for the bill, the last conference committee report available to and adopted by each legislator does not include the following information on the first or second page of the bill or in the bill's digest or synopsis:

(A) A materially accurate and complete explanation indicating the dollar amount of the surplus or deficit resulting from subtracting the total of all general appropriations made for each state fiscal year affected by the bill or the bill's conference committee report from the estimate of state revenue for that state fiscal year.

(B) A materially accurate and complete explanation indicating the percentage of the state revenue for each state fiscal year affected by the bill or the bill's conference committee report that is appropriated for general appropriations payable in that state fiscal year.

**Sec. 4.** Sections 2 and 3 of this chapter do not void an appropriation for a purpose described in IC 4-10-15 for which expenditures may be made without the enactment of an appropriation.

**Sec. 5. (a)** An appropriation that otherwise must be considered in complying with section 2 or 3 of this chapter shall be excluded

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from all computations related to determining compliance with section 2 or 3 of this chapter only if:

- (1) the general assembly, in a regular session, authorizes an emergency appropriation by enacting a supplemental appropriations act that contains all the statements described in subsection (b); and
- (2) the act is approved by a two-thirds (2/3) majority of the house of representatives and a two-thirds (2/3) majority of the senate.

(b) To satisfy subsection (a)(1), an act must contain the following:

- (1) A statement describing which appropriations in the act are excluded from the application of sections 2 and 3 of this chapter.
- (2) A description of the additional amount of emergency appropriations and an explanation of the specific circumstances that created the need for a supplemental appropriation.

Sec. 6. (a) For each state fiscal year, the budget agency shall compute an estimate of state revenue using the formula established in section 7 of this chapter. An estimate for the two (2) years of a biennial budget period shall be computed before December 31 of the even-numbered year immediately preceding the beginning of each budget period. The first estimate required under this subsection is the estimate for the budget period beginning July 1, 2007, which shall be computed before December 31, 2006.

(b) For the second state fiscal year in a budget period, the budget agency shall revise the estimate of state revenue using the formula established in section 7 of this chapter. The revision of the estimate for the second year of a budget period shall be prepared before December 31 of the odd-numbered year immediately preceding the second state fiscal year in the budget period. The first revision required under this subsection is the revision for the second year of the budget period beginning July 1, 2007, which shall be computed before December 31, 2007.

(c) The budget agency may revise an estimate calculated under subsection (a) or a revised estimate calculated under subsection (b) after the estimate is distributed. A revision under this subsection must be prepared not later than fifteen (15) days before either chamber of the general assembly adjourns a session sine die.

(d) The last estimate computed under this section and distributed under section 8 of this chapter before the adjournment

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of a session sine die applies to all appropriations enacted before the end of that session.

(e) The last estimate computed under this section and distributed under section 8 of this chapter before a version of a bill or a later conference committee report for a bill is printed applies to all appropriations affected by that version of a bill or a bill's conference committee report.

**Sec. 7.** The estimated state revenue for a state fiscal year is the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the general revenues available for the state fiscal year, which is equal to the estimated revenues from all sources that are:

(A) forecast by the revenue forecast technical committee to be received in the immediately following budget period; and

(B) required by law to be deposited in the state general fund or the property tax replacement fund;

including revenues from gross retail taxes, utility receipts taxes, adjusted gross income taxes, cigarette taxes, taxes on alcoholic beverages, riverboat wagering taxes, riverboat admissions taxes, inheritance taxes, insurance premium taxes, financial institution taxes, interest, and other miscellaneous income other than revenues described in section 10 STEP TWO of this chapter.

**STEP TWO:** Determine the total of net adjustments to be made to the general revenues for the state fiscal year, which is the amount determined under clause (I) of the following formula:

(A) Determine the disproportionate share and enhanced disproportionate share revenues that will be received by the state in the state fiscal year.

(B) Determine the interfund transfers to be made from the build Indiana fund to the state general fund or the property tax replacement fund in the state fiscal year.

(C) Determine the interfund transfers to be made from the counter-cyclical revenue and economic stabilization fund to the state general fund or the property tax replacement fund in the state fiscal year.

(D) Determine the sum of the amounts determined under clauses (A) through (C).

(E) Determine the interfund transfers to be made from the state general fund or the property tax replacement fund to

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the build Indiana fund in the state fiscal year.

(F) Determine the interfund transfers to be made from the state general fund or the property tax replacement fund to the counter-cyclical revenue and economic stabilization fund in the state fiscal year.

(G) Determine the amount included in the amount determined under STEP ONE that results from any of the following:

(i) An extraordinary nonrecurring transfer into the state general fund or the property tax replacement fund from a source other than the state general fund or the property tax replacement fund. For purposes of this item, generally accepted accounting principles apply in determining whether a transfer qualifies as extraordinary.

(ii) A distribution from the federal government that may be expended without an appropriation by the general assembly, other than a distribution described in clause (A).

(H) Determine the sum of the amounts determined under clauses (E) through (G).

(I) Subtract the amount determined under clause (H) from the amount determined under clause (D).

**STEP THREE: If:**

(A) the STEP TWO amount is zero dollars (\$0), the estimated state revenues for the state fiscal year is the STEP ONE amount;

(B) the STEP TWO amount is greater than zero dollars (\$0), the estimated state revenues for the state fiscal year is the sum of the STEP ONE amount and the STEP TWO amount; and

(C) the STEP TWO amount is less than zero dollars (\$0), the estimated state revenues for the state fiscal year is the result of the STEP ONE amount minus the absolute value of the STEP TWO amount.

**Sec. 8. (a)** Not earlier than December 1 and not later than the first session day of the general assembly after December 31 of each even-numbered year, the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The estimated state revenue for each of the state fiscal

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years in the immediately following biennial budget period.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the estimates of state revenue described in subdivision (1) were determined.

(b) Not earlier than December 1 and not later than the first session day of the general assembly after December 31 in each odd-numbered year, the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The estimated state revenue for the second state fiscal year in the current budget period.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the estimate of state revenue described in subdivision (1) was determined.

(c) Not later than three (3) days (including Saturday, Sunday, or any holiday) after the budget agency revises an estimate of state revenue distributed under subsection (a) or (b), the budget agency shall submit in an electronic format under IC 5-14-6 to the executive director of the legislative services agency a report that includes at least the following information:

(1) The revised estimated state revenue for the state fiscal years affected by the report.

(2) The supporting data and calculations necessary for a person to independently verify the manner in which the revised estimates of state revenue described in subdivision (1) were determined.

Sec. 9. (a) The budget agency shall compute the dollar amount of the total of general appropriations from the state general fund and the property tax replacement fund for each state fiscal year for which an appropriation is made or being considered:

(1) each time that a bill or a bill's conference committee report described in section 3 of this chapter is being considered for final action by the house of representatives or the senate; and

(2) not later than thirty (30) days after the adjournment sine die of a session of the general assembly.

(b) While the general assembly is in session, reports, submitted in an electronic format under IC 5-14-6, containing at least the total dollar amount of general appropriations must be delivered to

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the executive director of the legislative services agency in a format and on a schedule that allows bills and conference committee reports described in section 3 of this chapter to be printed without delay with the information required under that section.

(c) Not later than thirty-five (35) days after a session of the general assembly adjourns sine die, a report, submitted in an electronic format under IC 5-14-6, containing at least the total dollar amount of general appropriations must be delivered to the executive director of the legislative services agency. A report required by this subsection must be delivered not later than five (5) regular business days after it is computed.

**Sec. 10.** The total of general appropriations from the state general fund and the property tax replacement fund for a state fiscal year is equal to the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the total amount that is authorized by appropriation for payment or transfer from the state general fund or the property tax replacement fund in the state fiscal year, regardless of the bill or session in which the appropriation is or is to be enacted.

**STEP TWO:** Determine the total amount included in the STEP ONE amount that is appropriated from the state general fund or the property tax replacement fund for:

- (A) settlements and judgments;
- (B) transfers between accounts in the state general fund, accounts in the property tax replacement fund, or the state general fund and the property tax replacement fund;
- (C) the distribution of tax refunds or refundable tax credits; or
- (D) any purpose to the extent that money described in section 7, STEP TWO (G)(ii) of this chapter (distribution from the federal government that may be expended without an appropriation) is to fund the appropriation.

**STEP THREE:** Subtract the STEP TWO amount from the STEP ONE amount.

**Sec. 11. (a)** The part of an appropriation that is an open ended appropriation exceeding a specific amount appropriated for a purpose is not to be considered in computing general appropriations under section 10 of this chapter.

(b) For purposes of section 10 of this chapter, a descriptive appropriation that does not authorize a specific amount for expenditure in a state fiscal year is to be estimated as the maximum

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amount that the budget agency estimates may be expended in the period for which the appropriation is made for purposes of the appropriation. For purposes of section 10 of this chapter, if the appropriation is made for a period exceeding one (1) state fiscal year and less than eleven (11) state fiscal years, the maximum allowable appropriation shall be apportioned among the state fiscal years by the same percentage. If the appropriation is made for more than ten (10) state fiscal years, the maximum allowable appropriation shall be apportioned by the same percentage over the initial ten (10) state fiscal years.

(c) For purposes of section 10 of this chapter, if an appropriation of a specific amount is made for a period exceeding one (1) state fiscal year, fifty percent (50%) of the appropriated amount is to be allocated as a general appropriation for each state fiscal year in a budget period.

(d) For purposes of section 10 of this chapter, language that only authorizes a person to issue bonds, enter into a loan agreement, enter into a lease, or enter into another agreement shall not be treated as an appropriation unless the general assembly otherwise appropriates money to pay for or to repay the authorized obligations.

(e) For purposes of complying with section 3 of this chapter but not section 2 of this chapter, only appropriations that:

- (1) have been enacted into law;
- (2) are contained in a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed;
- (3) were previously passed by both houses of the general assembly in the same session as a bill or a bill's conference committee report in which appropriation surplus or deficit is to be printed; or
- (4) are contained in any other bill that by rule of the house of representatives or the senate must be considered in complying with section 3 of this chapter;

shall be considered in computing the total of general appropriations under section 10 of this chapter.

SECTION 2. IC 4-10-18-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 1. As used in this chapter:

"Adjusted personal income" for a particular calendar year means the adjusted state personal income for that year as determined under section 3(b) of this chapter.

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"Annual growth rate" for a particular calendar year means the percentage change in adjusted personal income for the particular calendar year as determined under section 3(c) of this chapter.

"Budget director" refers to the director of the budget agency established under IC 4-12-1.

"Costs" means the cost of construction, equipment, land, property rights (including leasehold interests), easements, franchises, leases, financing charges, interest costs during and for a reasonable period after construction, architectural, engineering, legal, and other consulting or advisory services, plans, specifications, surveys, cost estimates, and other costs or expenses necessary or incident to the acquisition, development, construction, financing, and operating of an economic growth initiative.

"Current calendar year" means a calendar year during which a transfer to or from the fund is initially determined under sections 4 and 5 of this chapter.

"Economic growth initiative" means:

- (1) the construction, extension, or completion of sewerlines, waterlines, streets, sidewalks, bridges, roads, highways, public ways, and any other infrastructure improvements;
- (2) the leasing or purchase of land and any site improvements to land;
- (3) the construction, leasing, or purchase of buildings or other structures;
- (4) the rehabilitation, renovation, or enlargement of buildings or other structures;
- (5) the leasing or purchase of machinery, equipment, or furnishings; or
- (6) the training or retraining of employees whose jobs will be created or retained as a result of the initiative.

"Fund" means the counter-cyclical revenue and economic stabilization fund established under this chapter.

"General fund revenue" means all general purpose tax revenue and other unrestricted general purpose revenue of the state, including federal revenue sharing monies, credited to the:

- (1) state general fund; **or**
- (2) **property tax replacement fund;**

and from which appropriations may be made. The term "general fund revenue" does not include revenue held in the reserve for tuition support under IC 4-12-1-12.

"Implicit price deflator for the gross national product" means the implicit price deflator for the gross national product, or its closest

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equivalent, which is available from the United States Bureau of Economic Analysis.

"Political subdivision" has the meaning set forth in IC 36-1-2-13.

"Qualified economic growth initiative" means an economic growth initiative that is:

- (1) proposed by or on behalf of a political subdivision to promote economic growth, including the creation or retention of jobs or the infrastructure necessary to create or retain jobs;
- (2) supported by a financing plan by or on behalf of the political subdivision in an amount at least equal to the proposed amount of the grant under section 15 of this chapter; and
- (3) estimated to cost not less than twelve million five hundred thousand dollars (\$12,500,000).

"State personal income" means state personal income as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

"Total state general fund revenue" for a particular state fiscal year means the amount of that revenue for the particular state fiscal year as finally determined by the auditor of state.

"Transfer payments" means transfer payments as that term is defined by the Bureau of Economic Analysis of the United States Department of Commerce or its successor agency.

SECTION 3. IC 4-10-18-4 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 4. (a) If the annual growth rate for the calendar year preceding the current calendar year exceeds two percent (2%), there is appropriated to the fund from the state general fund, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

- (1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by
- (2) the remainder of:
  - (A) the annual growth rate for the calendar year preceding the current calendar year; minus
  - (B) two percent (2%).

(b) If the annual growth rate for the calendar year immediately preceding the current calendar year is less than a negative two percent (-2%), there is appropriated from the fund to the state general fund **and the property tax replacement fund**, for the state fiscal year beginning in the current calendar year, an amount equal to the product of:

- (1) the total state general fund revenues for the state fiscal year ending in the current calendar year; multiplied by
- (2) negative one (-1); and further multiplied by

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(3) the remainder of:

(A) the annual growth rate for the calendar year preceding the current calendar year; minus

(B) negative two percent (-2%).

**The amount appropriated to each fund is proportional to the amount needed to balance each fund as described in section 9 of this chapter.**

SECTION 4. IC 4-10-18-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) As soon as the auditor of state makes a final determination of the amount of total state general fund revenues for a particular state fiscal year, ~~he~~ **the auditor** shall certify that amount to the budget director.

(b) As soon as possible after receiving the certification from the auditor of state under subsection (a), the budget director shall determine the amount, if any, that is appropriated into or out of the fund under section 4 of this chapter. If an appropriation is made into the fund under section 4 of this chapter, the budget director shall immediately certify that amount to the treasurer of state. If an appropriation is made out of the fund under section 4 of this chapter, the budget director shall certify to the treasurer of state an amount equal to the part of the appropriation, if any, by which the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for the state fiscal year for which the appropriation is made, exceeds the budget director's estimate of the total general fund revenues for that same state fiscal year. The budget director shall make the certification or certifications of money to be transferred out of the fund at the time or times that ~~he~~ **the budget director** determines the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** would exceed the total estimated state general fund revenues.

(c) Immediately upon receiving a certification from the budget director under subsection (b), the auditor of state and treasurer of state shall make the appropriate transfer into or out of the fund.

(d) Any amount, which is appropriated out of the fund under section 4 of this chapter, but which has not been transferred out of the fund under this section at the end of the state fiscal year for which the appropriation is made, shall revert to the fund.

SECTION 5. IC 4-10-18-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JUNE 15, 2005]: Sec. 8. (a) Except as provided in subsection (b), if the balance, at the end of a state fiscal year, in the fund exceeds ~~seven ten~~ percent (~~7%~~) **(10%)** of the total state general fund revenues for that state fiscal year, the excess is

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appropriated from the fund to the property tax replacement fund established under IC 6-1.1-21. The auditor of state and the treasurer of state shall transfer the amount so appropriated from the fund to the property tax replacement fund during the immediately following state fiscal year.

(b) If an appropriation is made out of the fund under section 4 of this chapter for a state fiscal year during which a transfer is to be made from the fund to the property tax replacement fund, the amount of the appropriation made under subsection (a) shall be reduced by the amount of the appropriation made under section 4 of this chapter. However, the amount of the appropriation made under subsection (a) may not be reduced to less than zero (0).

SECTION 6. IC 4-10-18-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 9. If the total state general fund revenues for a state fiscal year, in which a transfer into the fund is made, are less than the level estimated in the budget report prepared in accord with IC 4-12-1-12(a) or (c) and the shortfall cannot be attributed to a statutory change in the tax rate, the tax base, the fee schedules, or the revenue sources from which the general fund revenue estimate was made, there is appropriated from the fund to the state general fund an amount that may not exceed the lesser of the following two (2) amounts:

- (1) the amount that was transferred into the fund during that state fiscal year; or
- (2) the amount necessary to balance the general fund general operating budget **and the noncapital budget payable from the property tax replacement fund** for that state fiscal year.

SECTION 7. IC 4-10-21-0.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 0.5. As used in this chapter, "general expenditures" refers to an expenditure from the state general fund or the property tax replacement fund that is authorized by a general appropriation subject to IC 2-2.1-4, other than any part of an appropriation excluded under IC 2-2.1-4-5.**

SECTION 8. IC 4-10-21-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 1. As used in this chapter, "state spending cap" refers:

- (1) **for state fiscal years ending before July 1, 2007, to the state spending cap determined under section 2 of this chapter; and**
- (2) **for state fiscal years beginning after June 30, 2007, to the maximum amount that may be appropriated for general appropriations in a state fiscal year under IC 2-2.1-4.**

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SECTION 9. IC 4-10-21-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 2. (a) For the state fiscal year beginning July 1, 2003, and ending June 30, 2004, the state spending cap is equal to the result determined under STEP THREE of the following formula:

STEP ONE: Determine the sum of the total of the appropriations made from the state general fund and the property tax replacement fund (including continuing appropriations) for the state fiscal year beginning July 1, 2002, and ending June 30, 2003.

STEP TWO: Subtract from the STEP ONE result two hundred forty-three million dollars (\$243,000,000), which is the amount of certain reversions made by state agencies.

STEP THREE: Multiply the STEP TWO result by one and thirty-five thousandths (1.035).

(b) For the state fiscal year beginning July 1, 2004, and ending June 30, 2005, the state spending cap is equal to the product of the result determined under subsection (a) multiplied by one and thirty-five thousandths (1.035).

(c) (a) The state spending cap for a state fiscal year beginning after June 30, 2005, is equal to the product of the state spending growth quotient for the state fiscal year determined under section 3 of this chapter multiplied by the state spending cap for the immediately preceding state fiscal year.

(d) (b) The state spending cap imposed under this section is increased in the initial state fiscal year in which the state receives additional revenue for deposit in the state general fund or property tax replacement fund as a result of the enactment of a law that:

- (1) establishes a new tax or fee after June 30, 2002;
- (2) increases the rate of a previously enacted tax or fee after June 30, 2002; or
- (3) reduces or eliminates an exemption, a deduction, or a credit against a previously enacted tax or fee after June 30, 2002.

The amount of the increase is equal to the average revenue that the budget agency estimates will be raised by the legislative action in the initial two (2) full state fiscal years in which the legislative change is in effect.

(e) (c) The state spending cap imposed under this section is decreased in the initial state fiscal year in which the state is affected by a decrease in revenue deposited in the state general fund or property tax replacement fund as the result of the enactment of a law that:

- (1) eliminates a tax or fee after June 30, 2002;

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- (2) eliminates any part of a tax rate or fee after June 30, 2002; or
- (3) establishes or increases an exemption, a deduction, or a credit against a tax or fee after June 30, 2002.

The amount of the decrease is equal to the average revenue that the budget agency estimates will be lost as a result of the legislative action in the initial two (2) full state fiscal years in which the legislative change is in effect.

**(d) This section expires July 1, 2007.**

SECTION 10. IC 4-10-21-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 5. (a) The maximum total amount that may be expended in a state fiscal year from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund is the least of the following:

- (1) Subject to sections 6 and 7 of this chapter, the state spending cap for the state fiscal year.
- (2) The amount appropriated by the general assembly from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.
- (3) The amount of money available in the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund to pay expenditures.

(b) Subject to sections 6 and 7 of this chapter, if the state spending cap for the state fiscal year is less than the amount appropriated by the general assembly in the state fiscal year from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund, the budget agency shall reduce the amounts available for expenditure from the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund in the state fiscal year by using the procedures in IC 4-13-2-18.

**(c) This section expires July 1, 2007.**

SECTION 11. IC 4-10-21-5.1 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: **Sec. 5.1. (a) After June 30, 2007, the maximum total amount that may be expended for general expenditures in a state fiscal year may not exceed the maximum allowable expenditure imposed under this chapter and the maximum allowable appropriation under IC 2-2.1-4.**

**(b) If the state spending cap for the state fiscal year is less than the amount appropriated by the general assembly for general expenditures in the state fiscal year, when all open ended**

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**appropriations and nonspecific descriptive appropriations are considered, the budget agency shall reduce the amounts available for general expenditures to avoid a total amount of general expenditures that exceeds the state spending cap by using the procedures set forth in IC 4-13-2-18.**

SECTION 12. IC 4-10-21-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 6. (a) The following expenditures that would otherwise be subject to this chapter shall be excluded from all computations and determinations related to a state spending cap:

- (1) Expenditures derived from money deposited in the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund from any of the following:
  - (A) Gifts.
  - (B) Federal funds.
  - (C) Dedicated funds.
  - (D) Intergovernmental transfers.
  - (E) Damage awards.
  - (F) Property sales.
- (2) Expenditures for any of the following:
  - (A) Transfers of money among the state general fund, the property tax replacement fund, and the counter-cyclical revenue and economic stabilization fund.
  - (B) Reserve fund deposits.
  - (C) Refunds of intergovernmental transfers.
  - (D) Payment of judgments against the state and settlement payments made to avoid a judgment against the state, other than a judgment or settlement payment for failure to pay a contractual obligation or a personnel expenditure.
  - (E) Distributions or allocations of state tax revenues to a unit of local government under IC 36-7-13, IC 36-7-26, IC 36-7-27, IC 36-7-31, or IC 36-7-31.3.
  - (F) Motor vehicle excise tax replacement payments that are derived from amounts transferred to the state general fund from the lottery and gaming surplus account of the build Indiana fund.
  - (G) Distributions of state tax revenues collected under IC 7.1 that are payable to cities and towns.

**(b) This section expires July 1, 2007.**

SECTION 13. IC 4-10-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 7. (a) An appropriation

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otherwise subject to the state spending cap limitation imposed by section 5 of this chapter shall be treated as exempt from the state spending cap limitation only if the general assembly specifically exempts the appropriation from the state spending cap in clear and unambiguous language contained in the bill making the appropriation.

(b) The following language shall be treated as meeting the requirements of subsection (a):

"The general assembly waives the state spending cap limitation imposed by IC 4-10-21-5 for the state fiscal year beginning July 1, (insert the applicable year), and ending June 30, (insert the applicable year), for the following appropriation: (insert the language of the appropriation). Notwithstanding IC 4-10-21-5(a)(1), the budget agency may allot appropriations for the appropriation without making any reduction under IC 4-10-21-5(b)."

(c) Language in a bill such as "Notwithstanding IC 4-10-21" or "IC 4-10-21 does not apply to this appropriation" shall not be treated as meeting the requirements of subsection (a). The budget agency may consider the language described in this subsection or other language that does not meet the requirements of subsection (a) only in determining which appropriations to make available for expenditure under section 5(b) of this chapter.

**(d) This section expires July 1, 2007.**

SECTION 14. IC 4-10-21-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8. **(a)** Not earlier than December 1 and not later than the first session day of the general assembly after December 31 of each even-numbered year, the budget agency shall submit a report in an electronic format under IC 5-14-6 to the executive director of the legislative services agency that includes at least the following information:

- (1) The state spending cap for each of the state fiscal years in the immediately following biennial budget period.
- (2) The supporting data and calculations necessary for a person to independently verify the manner in which the state spending caps described in subdivision (1) were determined.

**(b) This section expires July 1, 2007.**

SECTION 15. IC 4-12-1-8.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 8.5. **(a) The statement required under section 9 of this chapter in the second part of a budget report (proposed anticipated income) must be based on a forecast that presents, to the best of the budget director's knowledge and belief, the expected income that**

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will be available to meet the appropriations in:

- (1) each state fiscal year in the budget period for which the budget report is prepared; and
- (2) each calendar year containing any part of the budget period.

(b) The forecast prepared under this section shall be updated at least semiannually. During odd-numbered years, the forecast prepared under subsection (a) shall be updated before the last regular business day immediately preceding April 11 in the year.

(c) A forecast prepared under this section shall be expressed in specific monetary amounts as a single point estimate of forecasted income. The forecast must contain the information necessary to compute the expenditure limitations in IC 2-2.1-4. Due professional care must be used in preparing the forecast. The underlying assumptions used must provide a reasonably objective basis for the forecast and be appropriate for the circumstances. Significant underlying assumptions must be disclosed in the forecast report.

(d) The budget director shall submit a forecast prepared under this section, including each updated version of the forecast, in an electronic format under IC 5-14-6 to the executive director of the legislative services agency not later than two (2) regular business days after a forecast is completed."

Page 1, line 1, after "4-33-12-6" insert ", AS AMENDED BY P.L.4-2005, SECTION 23,".

Page 4, line 31, delete "department of commerce" and insert "Indiana economic development corporation".

Page 4, line 32, delete "department" and insert "corporation".

Page 5, line 7, delete "department." and insert "Indiana economic development corporation.".

Page 11, delete lines 15 through 42, begin a new paragraph and insert:

"SECTION 4. IC 5-3-1-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 3. (a) Within sixty (60) days after the expiration of each calendar year, the fiscal officer of each civil city and town in Indiana shall publish an annual report of the receipts and expenditures of the city or town during the preceding calendar year.

(b) Not earlier than August 1 or later than August 15 of each year, the secretary of each school corporation in Indiana shall publish an annual financial report.

(c) In the annual financial report the school corporation shall include the following:

- (1) Actual receipts and expenditures by major accounts as

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compared to the budget advertised under IC 6-1.1-17-3 for the prior calendar year.

(2) The salary schedule for all certificated employees (as defined in IC 20-7.5-1-2) as of June 30, with the number of employees at each salary increment. However, the listing of salaries of individual teachers is not required.

(3) The extracurricular salary schedule as of June 30.

(4) The range of rates of pay for all noncertificated employees by specific classification.

(5) The number of employees who are full-time certificated, part-time certificated, full-time noncertificated, and part-time noncertificated.

(6) The lowest, highest, and average salary for the administrative staff and the number of administrators without a listing of the names of particular administrators.

(7) The number of students enrolled at each grade level and the total enrollment.

(8) The assessed valuation of the school corporation for the prior and current calendar year.

(9) The tax rate for each fund for the prior and current calendar year.

(10) In the general fund, capital projects fund, and transportation fund, a report of the total payment made to each vendor for the specific fund in excess of two thousand five hundred dollars (\$2,500) during the prior calendar year. However, a school corporation is not required to include more than two hundred (200) vendors whose total payment to each vendor was in excess of two thousand five hundred dollars (\$2,500). A school corporation shall list the vendors in descending order from the vendor with the highest total payment to the vendor with the lowest total payment above the minimum listed in this subdivision.

(11) A statement providing that the contracts, vouchers, and bills for all payments made by the school corporation are in its possession and open to public inspection.

(12) The total indebtedness as of the end of the prior calendar year showing the total amount of notes, bonds, certificates, claims due, total amount due from such corporation for public improvement assessments or intersections of streets, and any and all other evidences of indebtedness outstanding and unpaid at the close of the prior calendar year. **The school corporation must publish information under this subsection that is consistent**

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**with the information reported to the department of local government finance under IC 5-1-18.**

(d) The school corporation may provide an interpretation or explanation of the information included in the financial report.

(e) The department of education shall do the following:

(1) Develop guidelines for the preparation and form of the financial report.

(2) Provide information to assist school corporations in the preparation of the financial report.

(f) The annual reports required by this section and IC 36-2-2-19 and the abstract required by IC 36-6-4-13 shall each be published one (1) time only, in accordance with this chapter.

(g) Each school corporation shall submit to the department of education a copy of the financial report required under this section. The department of education shall make the financial reports available for public inspection.

SECTION 5. IC 6-1.1-4-4.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 4.5. (a) The department of local government finance shall adopt rules establishing a system for annually adjusting the assessed value of real property to account for changes in value in those years since a general reassessment of property last took effect.

(b) The system must be applied to adjust assessed values beginning with the ~~2005~~ **2006** assessment date and each year thereafter that is not a year in which a reassessment becomes effective.

(c) The system must have the following characteristics:

(1) Promote uniform and equal assessment of real property within and across classifications.

(2) Apply all objectively verifiable factors used in mass valuation techniques that are reasonably expected to affect the value of real property in Indiana.

(3) Prescribe as many adjustment percentages and whatever categories of percentages the department of local government finance finds necessary to achieve objectively verifiable updated just valuations of real property. An adjustment percentage for a particular classification may be positive or negative.

(4) Prescribe procedures, including computer software programs, that permit the application of the adjustment percentages in an efficient manner by assessing officials."

Delete page 12, begin a new paragraph and insert:

"SECTION 6. IC 6-1.1-5-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 7. (a) A person to

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whom the title to real property has passed, either under the laws of descent of this state or by virtue of the last will of a decedent, may procure a transfer of the real property on the tax duplicate on which the real property is assessed and taxed. In order to procure the transfer, the person must prepare an affidavit and, except as provided in section 9 of this chapter, file it with the auditor of the county in which the real property is situated. The affidavit shall contain the following information:

- (1) The decedent's date of death.
- (2) Whether the decedent died testate or intestate. ~~and~~
- (3) The affiant's interest in the real property.
- (4) If the real property is residential property, the amount of any taxes that have been deferred under IC 6-1.1-45.**

In addition, if the decedent died testate, the affiant must attach a certified copy of the decedent's will to the affidavit. However, if the will has been probated or recorded in the county in which the real property is located, the affiant, in lieu of attaching a certified copy of the will, shall state that fact in the affidavit and indicate the volume and page of the record where the will may be found.

(b) Except as provided in section 9 of this chapter, the county auditor shall enter a transfer of the real property in the proper transfer book after the affidavit is filed with ~~his~~ **the county auditor's** office.

(c) No transfer made under this section has the effect of conferring title upon the person procuring the transfer.

**(d) Before the county auditor may transfer real property described in subsection (a) on the last assessment list or apportion the assessed value of the real property among the owners, the owner must pay or otherwise satisfy all taxes on the parcels being transferred that have become due under IC 6-1.1-45 as a result of the death of the person by paying the property tax to the county treasurer of the county in which the real property is located.**

**(e) If a county auditor transfers real property in the proper transfer book in violation of subsection (d):**

- (1) a lien for and the duty to pay property taxes that are due and owing are not released or otherwise extinguished; and**
- (2) property taxes that are due and owing on the affected parcel of property may be collected as if the county auditor had not transferred the property in the proper transfer book in violation of subsection (d).**

SECTION 7. IC 6-1.1-5.5-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. The department of local government finance shall prescribe a sales disclosure form for

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use under this chapter. The form prescribed by the department of local government finance must include at least the following information:

- (1) The key number of the parcel (as defined in IC 6-1.1-1-8.5).
- (2) Whether the entire parcel is being conveyed.
- (3) The address of the property.
- (4) The date of the execution of the form.
- (5) The date the property was transferred.
- (6) Whether the transfer includes an interest in land or improvements, or both.
- (7) Whether the transfer includes personal property.
- (8) An estimate of any personal property included in the transfer.
- (9) The name and address of each transferor and transferee.
- (10) The mailing address to which the property tax bills or other official correspondence should be sent.
- (11) The ownership interest transferred.
- (12) The classification of the property (as residential, commercial, industrial, agricultural, vacant land, or other).
- (13) The total price actually paid or required to be paid in exchange for the conveyance, whether in terms of money, property, a service, an agreement, or other consideration, but excluding tax payments and payments for legal and other services that are incidental to the conveyance.
- (14) The terms of seller provided financing, such as interest rate, points, type of loan, amount of loan, and amortization period, and whether the borrower is personally liable for repayment of the loan.
- (15) Any family or business relationship existing between the transferor and the transferee.
- (16) If the transferred property is residential property, the amount of any taxes deferred under IC 6-1.1-45 and interest due on the deferred taxes.**
- ~~(16)~~ **(17) Other information as required by the department of local government finance to carry out this chapter.**

If a form under this section includes the telephone number or the Social Security number of a party, the telephone number or the Social Security number is confidential."

Page 26, line 8, after "by the" insert "county assessor or elected township assessor."

Page 26, delete lines 9 through 11.

Page 26, line 36, after "of" insert "appeals but only upon request by the county assessor or elected township assessor."

Page 26, delete lines 37 through 40.

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Page 28, between lines 6 and 7, begin a new paragraph and insert:  
 "SECTION 14. IC 6-1.1-18-11 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 11. ~~If there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 or IC 6-1.1-18.5, the provisions of the latter two (2) chapters (a) Except as provided in subsection (b), the provisions of IC 6-1.1-19 or IC 6-1.1-18.5 control if there is a conflict between the provisions of this chapter and the provisions of IC 6-1.1-19 or IC 6-1.1-18.5~~ with respect to the adoption of, review of, and limitations on budgets, tax rates, and tax levies.

**(b) Notwithstanding the maximum permissible ad valorem property tax levy calculated for a civil taxing unit under IC 6-1.1-18.5-3, a civil taxing unit may not increase its ad valorem property tax levy for a particular year by more than one-third (1/3) of the civil taxing unit's unused maximum levy capacity determined under IC 6-1.1-18.5-3.**

SECTION 15. IC 6-1.1-18.5-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2006]: Sec. 1. As used in this chapter:

"Ad valorem property tax levy for an ensuing calendar year" means the total property taxes imposed by a civil taxing unit for current property taxes collectible in that ensuing calendar year.

"Adopting county" means any county in which the county adjusted gross income tax is in effect.

"Civil taxing unit" means any taxing unit except a school corporation.

"Maximum permissible ad valorem property tax levy for the preceding calendar year" means **either of the following:**

**(1) In the case of a civil taxing unit that does not adopt a resolution or an ordinance to restore unused maximum levy capacity for property taxes first due and payable in 2006,** the civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

**(2) In the case of a civil taxing unit that adopts a resolution or**

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an ordinance to restore maximum levy capacity for property taxes first due and payable in 2006, the sum of the following:

(A) The civil taxing unit's ad valorem property tax levy for the calendar year immediately preceding the ensuing calendar year, as that levy was determined by the department of local government finance in fixing the civil taxing unit's budget, levy, and rate for that preceding calendar year under IC 6-1.1-17, and after eliminating the effects of temporary excessive levy appeals and temporary adjustments made to the working maximum levy for the calendar year immediately preceding the ensuing calendar year, as determined by the department of local government finance.

(B) The amount of the civil taxing unit's unused levy capacity restored for property taxes first due and payable in 2006.

"Taxable property" means all tangible property that is subject to the tax imposed by this article and is not exempt from the tax under IC 6-1.1-10 or any other law. For purposes of sections 2 and 3 of this chapter, the term "taxable property" is further defined in section 6 of this chapter.

"Unadjusted assessed value" means the assessed value of a civil taxing unit as determined by local assessing officials and the department of local government finance in a particular calendar year before the application of an annual adjustment under IC 6-1.1-4-4.5 for that particular calendar year or any calendar year since the last general reassessment preceding the particular calendar year."

Page 28, line 19, delete "taxes, the county adjusted gross income tax" and insert "**taxes.**".

Page 28, delete lines 20 through 22.

Page 28, line 23, delete "a lease payable from ad valorem property taxes, the" and insert "**The**".

Page 28, line 33, delete "or the department of state revenue, or both,".

Page 28, line 35, delete ",".

Page 28, line 36, delete "the department of state revenue, and other state agencies".

Page 28, line 40, delete "rate or the rate of an income tax imposed" and insert "**rate.**".

Page 28, delete line 41.

Page 29, line 34, delete "or on the rate of an income tax".

Page 29, delete line 35.

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Page 29, line 36, delete "or IC 6-3.5-7".

Page 30, between lines 41 and 42, begin a new paragraph and insert:

"SECTION 15. IC 6-1.1-18.5-17 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 17. (a) **Except as provided in subsection (i)**, as used in this section, "levy excess" means the part of the ad valorem property tax levy actually collected by a civil taxing unit, for taxes first due and payable during a particular calendar year, that exceeds the civil taxing unit's ad valorem property tax levy, as approved by the department of local government finance under IC 6-1.1-17.

(b) A civil taxing unit's levy excess is valid and may not be contested on the grounds that it exceeds the civil taxing unit's levy limit for the applicable calendar year. However, the civil taxing unit shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the civil taxing unit's levy excess fund.

(c) The chief fiscal officer of a civil taxing unit may invest money in the civil taxing unit's levy excess fund in the same manner in which money in the civil taxing unit's general fund may be invested. However, any income derived from investment of the money shall be deposited in and becomes a part of the levy excess fund.

(d) The department of local government finance shall require a civil taxing unit to include the amount in its levy excess fund in the civil taxing unit's budget fixed under IC 6-1.1-17.

(e) Except as provided by subsection (f), a civil taxing unit may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits imposed under this chapter, a civil taxing unit shall treat the money in its levy excess fund that the department of local government finance permits it to spend during a particular calendar year as part of its ad valorem property tax levy for that same calendar year.

(f) A civil taxing unit may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the civil taxing unit as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a civil taxing unit may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would, notwithstanding this subsection, be deposited in the levy excess fund of a civil taxing unit for a particular calendar year is less than one hundred dollars (\$100), no money shall

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be deposited in the levy excess fund of the unit for that year.

**(i) A levy excess does not include delinquent taxes actually collected in the current year by a civil taxing unit that were first due and payable in a calendar year after 2003.**

SECTION 16. IC 6-1.1-19-1.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 1.7. (a) **Except as provided in subsection (i)**, as used in this section, "levy excess" means that portion of the ad valorem property tax levy actually collected by a school corporation, for taxes first due and payable during a particular calendar year, which exceeds the school corporation's total levy, as approved by the department of local government finance under IC 6-1.1-17, for those property taxes.

(b) A school corporation's levy excess is valid, and the general fund portion of a school corporation's levy excess may not be contested on the grounds that it exceeds the school corporation's general fund levy limit for the applicable calendar year. However, the school corporation shall deposit, except as provided in subsection (h), its levy excess in a special fund to be known as the school corporation's levy excess fund.

(c) The chief fiscal officer of a school corporation may invest money in the school corporation's levy excess fund in the same manner in which money in the school corporation's general fund may be invested. However, any income derived from investment of the money shall be deposited in and become a part of the levy excess fund.

(d) The department of local government finance shall require a school corporation to include the amount in the school corporation's levy excess fund in the school corporation's budget fixed under IC 6-1.1-17.

(e) Except as provided in subsection (f), a school corporation may not spend any money in its levy excess fund until the expenditure of the money has been included in a budget that has been approved by the department of local government finance under IC 6-1.1-17. For purposes of fixing its budget and for purposes of the ad valorem property tax levy limits fixed under this chapter, a school corporation shall treat the money in its levy excess fund that the department of local government finance permits the school corporation to spend during a particular calendar year as part of the school corporation's ad valorem property tax levy for that same calendar year.

(f) A school corporation may transfer money from its levy excess fund to its other funds to reimburse those funds for amounts withheld from the school corporation as a result of refunds paid under IC 6-1.1-26.

(g) Subject to the limitations imposed by this section, a school

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corporation may use money in its levy excess fund for any lawful purpose for which money in any of its other funds may be used.

(h) If the amount that would be deposited in the levy excess fund of a school corporation for a particular calendar year is less than one hundred dollars (\$100), no money shall be deposited in the levy excess fund of the school corporation for that year.

**(i) A levy excess does not include delinquent taxes actually collected in the current year by a school corporation that were first due and payable in a calendar year after 2003."**

Page 33, delete lines 29 through 42.

Delete pages 34 through 35.

Page 36, delete lines 1 through 10.

Page 36, line 14, delete "Property Tax Credits" and insert "**Credit for Excessive Homestead Property Taxes**".

Page 36, delete lines 15 through 42, begin a new paragraph and insert:

**"Sec. 1. As used in this chapter:**

**(1) "homestead" has the meaning set forth in IC 6-1.1-20.9-1; and**

**(2) "property tax liability" means liability for the tax imposed on property under this article determined after application of all credits and deductions under this article, except the credit under this chapter, but does not include any interest or penalty imposed under this article.**

**Sec. 2. A county fiscal body:**

**(1) may adopt an ordinance to authorize the application of the credit under this chapter for one (1) or more calendar years to homesteads in the county; and**

**(2) must adopt an ordinance under subdivision (1) before July 1 of a calendar year to authorize the credit under this chapter for property taxes first due and payable in the immediately succeeding calendar year.**

**Sec. 3. If the credit under this chapter is authorized under section 2 of this chapter for property taxes first due and payable in a calendar year:**

**(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to the person's homestead located in the county; and**

**(2) the amount of the credit is the amount by which the person's property tax liability attributable to the person's homestead for property taxes first due and payable in that**

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calendar year exceeds two percent (2%) of the gross assessed value that is the basis for determination of property taxes on the homestead for property taxes first due and payable in that calendar year.

**Sec. 4.** A person is not required to file an application for the credit under this chapter. The county auditor shall:

- (1) identify homesteads in the county eligible for the credit under this chapter; and
- (2) apply the credit under this chapter to property tax liability on the identified homesteads.

**Sec. 5. (a)** The fiscal body of a county may adopt an ordinance to authorize the county fiscal officer to borrow money repayable over a term not to exceed five (5) years in an amount sufficient to compensate the political subdivisions located wholly or in part in the county for the reduction of property tax collections in a calendar year that results from the application of the credit under this chapter for that calendar year.

**(b)** The county fiscal officer shall distribute in a calendar year to each political subdivision located wholly or in part in the county loan proceeds under subsection (a) for that calendar year in the amount by which the property tax collections of the political subdivision in that calendar year are reduced as a result of the application of the credit under this chapter for that calendar year.

**(c)** If the county fiscal officer distributes money to political subdivisions under subsection (b), the political subdivisions that receive the distributions shall repay the loan under subsection (a) over the term of the loan. Each political subdivision that receives a distribution under subsection (b):

**(1)** shall:

**(A)** appropriate for each year in which the loan is to be repaid an amount sufficient to pay the part of the principal and interest on the loan attributable to the distribution received by the political subdivision under subsection (b); and

**(B)** subject to subsection (d), raise revenue in each year in which the loan is to be repaid in the amount necessary to meet the appropriation under clause (A); and

**(2)** other than the county, shall transfer to the county fiscal officer money dedicated under this section to repayment of the loan in time to allow the county to meet the loan repayment schedule.

**(d)** A political subdivision that receives tax revenue under

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IC 4-33-12-6, IC 4-33-13, or an agreement to share a city's or county's part of the tax revenue must use that source of revenue for the purpose of subsection (c)(1)(B) before raising revenue from another source for that purpose.

(e) Property taxes imposed under subsection (c)(1)(B) are subject to levy limitations under IC 6-1.1-18.5 or IC 6-1.1-19.

(f) The obligation to:

(1) repay; or

(2) contribute to the repayment of;

the loan under subsection (a) is not a basis for a political subdivision to obtain an excessive tax levy under IC 6-1.1-18.5 or IC 6-1.1-19.

(g) The application of the credit under this chapter results in a reduction of the property tax collections of each political subdivision in which the credit is applied. A political subdivision may not increase its property tax levy to make up for that reduction."

Delete page 37.

Page 38, delete lines 1 through 18, begin a new paragraph and insert:

"SECTION 19. IC 6-1.1-22-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 5. On or before March 15 of each year, the county auditor shall prepare and deliver to the auditor of state and the county treasurer a certified copy of an abstract of the property, assessments, taxes, deductions, and exemptions for taxes payable in that year in each taxing district of the county. The county auditor shall prepare the abstract in such a manner that the information concerning property tax deductions reflects the total amount of each type of deduction. The abstract shall also contain a statement of the taxes and penalties unpaid in each taxing unit **and the amount of taxes deferred under IC 6-1.1-45** at the time of the last settlement between the county auditor and county treasurer and the status of these delinquencies **and deferred taxes**. The county auditor shall prepare the abstract on the form prescribed by the state board of accounts. The **offices of the** auditor of state, county auditor, and county treasurer shall each keep a copy of the abstract ~~in his office~~ as a public record.

SECTION 20. IC 6-1.1-22-6 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 6. The county treasurer shall keep a register of taxes and special assessments in the manner and on the form prescribed by the state board of accounts. ~~He~~ **The county treasurer** shall enter:

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- (1) each payment of the taxes and special assessments in the register on the day the payment is received; and
- (2) each deferral of the payment of property taxes in the register on the day the taxes would otherwise be due if the taxes had not been deferred under IC 6-1.1-45.**

SECTION 21. IC 6-1.1-22-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 8. (a) The county treasurer shall either:

- (1) mail to the last known address of each person liable for any property taxes or special assessment, as shown on the tax duplicate or special assessment records, or to the last known address of the most recent owner shown in the transfer book a statement of current and delinquent taxes and special assessments; or
  - (2) transmit by written, electronic, or other means to a mortgagee maintaining an escrow account for a person who is liable for any property taxes or special assessments, as shown on the tax duplicate or special assessment records a statement of current and delinquent taxes and special assessments.
- (b) The county treasurer may include the following in the statement:
- (1) An itemized listing for each property tax levy, including:
    - (A) the amount of the tax rate;
    - (B) the entity levying the tax owed; and
    - (C) the dollar amount of the tax owed.
  - (2) Information designed to inform the taxpayer or mortgagee clearly and accurately of the manner in which the taxes billed in the tax statement are to be used.

A form used and the method by which the statement and information, if any, are transmitted must be approved by the state board of accounts. The county treasurer may mail or transmit the statement and information, if any, one (1) time each year at least fifteen (15) days before the date on which the first or only installment is due. Whenever a person's tax liability for a year is due in one (1) installment under IC 6-1.1-7-7 or section 9 of this chapter, a statement that is mailed must include the date on which the installment is due and denote the amount of money to be paid for the installment. Whenever a person's tax liability is due in two (2) installments, a statement that is mailed must contain the dates on which the first and second installments are due and denote the amount of money to be paid for each installment.

(c) All payments of property taxes and special assessments shall be made to the county treasurer. The county treasurer, when authorized by the board of county commissioners, may open temporary offices for the

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collection of taxes in cities and towns in the county other than the county seat.

(d) Before July 1, 2004, the department of local government finance shall designate five (5) counties to participate in a pilot program to implement the requirements of subsection (e). The department shall immediately notify the county treasurer, county auditor, and county assessor in writing of the designation under this subsection. The legislative body of a county not designated for participation in the pilot program may adopt an ordinance to implement the requirements of subsection (e). The legislative body shall submit a copy of the ordinance to the department of local government finance, which shall monitor the county's implementation of the requirements of subsection (e) as if the county were a participant in the pilot program. The requirements of subsection (e) apply:

(1) only in:

(A) a county designated to participate in a pilot program under this subsection, for property taxes first due and payable after December 31, 2004, and before January 1, 2008; or

(B) a county adopting an ordinance under this subsection, for property taxes first due and payable after December 31, 2003, or December 31, 2004 (as determined in the ordinance), and before January 1, 2008; and

(2) in all counties for taxes first due and payable after December 31, 2007.

(e) Subject to subsection (d), regardless of whether a county treasurer transmits a statement of current and delinquent taxes and special assessments to a person liable for the taxes under subsection (a)(1) or to a mortgagee under subsection (a)(2), the county treasurer shall mail the following information to the last known address of each person liable for the property taxes or special assessments or to the last known address of the most recent owner shown in the transfer book. The county treasurer shall mail the information not later than the date the county treasurer transmits a statement for the property under subsection (a)(1) or (a)(2). The county treasurer, county auditor, and county assessor shall cooperate to generate the information to be included on the form. The information that must be provided is the following:

(1) A breakdown showing the total property tax and special assessment liability and the amount of the taxpayer's liability that will be distributed to each taxing unit in the county.

(2) A comparison showing any change in the assessed valuation for the property as compared to the previous year.

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(3) A comparison showing any change in the property tax and special assessment liability for the property as compared to the previous year. The information required under this subdivision must identify:

(A) the amount of the taxpayer's liability distributable to each taxing unit in which the property is located in the current year and in the previous year; and

(B) the percentage change, if any, in the amount of the taxpayer's liability distributable to each taxing unit in which the property is located from the previous year to the current year.

(4) An explanation of the following:

(A) The homestead credit and all property tax deductions.

(B) The procedure and deadline for filing for the homestead credit and each deduction.

(C) The procedure that a taxpayer must follow to:

(i) appeal a current assessment; or

(ii) petition for the correction of an error related to the taxpayer's property tax and special assessment liability.

(D) The forms that must be filed for an appeal or petition described in clause (C).

The department of local government finance shall provide the explanation required by this subdivision to each county treasurer.

(5) A checklist that shows:

(A) the homestead credit and all property tax deductions; and

(B) whether the homestead credit and each property tax deduction applies in the current statement for the property transmitted under subsection (a)(1) or (a)(2).

(f) The information required to be mailed under subsection (e) must be simply and clearly presented and understandable to the average individual.

(g) A county that incurs:

(1) initial computer programming costs directly related to implementation of the requirements of subsection (e); or

(2) printing costs directly related to mailing information under subsection (e);

shall submit an itemized statement of the costs to the department of local government finance for reimbursement from the state. The treasurer of state shall pay a claim approved by the department of local government finance and submitted under this section on a warrant of the auditor of state. However, the treasurer of state may not pay any additional claims under this subsection after the total amount of claims

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paid reaches fifty thousand dollars (\$50,000).

**(h) The county treasurer shall include the following in a statement concerning residential real property (other than property known by the county treasurer to be rental property) that is distributed under subsection (a) after May 15, 2005:**

**(1) A brief description of the availability of the property tax deferral program under IC 6-1.1-45.**

**(2) If the property has been approved for the deferral of property taxes:**

**(A) the minimum required payment that must be made on each installment due date to maintain eligibility for the deferral of property taxes under IC 6-1.1-45;**

**(B) a separate statement of the amount of property taxes that would otherwise be due and payable by each installment date that may be deferred under IC 6-1.1-45;**

**(C) the control number assigned under IC 6-1.1-45 to the application for deferral that is in effect;**

**(D) the cumulative total of the property taxes deferred under IC 6-1.1-45 in the current year and all prior years, if the amount is greater than zero dollars (\$0); and**

**(E) the cumulative total of interest accruing on property taxes deferred under IC 6-1.1-45, if the amount is greater than zero dollars (\$0).**

**The information provided under this subsection must be in the form prescribed by the department of local government finance.**

SECTION 22. IC 6-1.1-22-9 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 9. (a) Except as provided in IC 6-1.1-7-7, **IC 6-1.1-45**, section 9.5 of this chapter, and subsection (b), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(c) If property taxes are not paid on or before the due date, the penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent taxes.

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(d) Notwithstanding any other law, a property tax liability of less than five dollars (\$5) is increased to five dollars (\$5). The difference between the actual liability and the five dollar (\$5) amount that appears on the statement is a statement processing charge. The statement processing charge is considered a part of the tax liability.

SECTION 23. IC 6-1.1-22-10 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 10. (a) A person who is liable for property taxes under IC 6-1.1-2-4, **including property taxes deferred under IC 6-1.1-45 after the deferred taxes become due**, is personally liable for the taxes and all penalties, cost, and collection expenses, including reasonable attorney's fees and court costs, resulting from late payment of the taxes.

(b) A person's liability under this section may be enforced by any legal remedy, including a civil lawsuit instituted by a county treasurer or a county executive to collect delinquent taxes. One (1) action may be initiated to collect all taxes, penalties, cost, and collection expenses levied against a person in the same county for one (1) or more years. However, an action may not be initiated to enforce the collection of taxes after ten (10) years from the first Monday in May of the year in which the taxes first became due. An action initiated within the ten (10) year period may be prosecuted to termination.

(c) **In addition to any other method of collection authorized under this article, the department of state revenue may collect:**

- (1) **property taxes deferred under IC 6-1.1-45, after the deferred taxes become due; and**
- (2) **all interest, penalties, costs, and collection expenses, including reasonable attorney's fees and court costs accruing under this article, after the deferred taxes become due under IC 6-1.1-45;**

**as a listed tax.**

SECTION 24. IC 6-1.1-22-13 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2005]: Sec. 13. (a) The state acquires a lien on each tract of real property for all property taxes levied against the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b), and all subsequent penalties and cost resulting from the taxes. This lien attaches on the assessment date of the year for which the taxes are assessed. The lien is not affected by any sale or transfer of the tract, including the land under an improvement or appurtenance described in IC 6-1.1-2-4(b), including the sale, exchange, or lease of the tract under IC 36-1-11.

(b) The lien of the state for taxes, penalties, and cost continues for ten (10) years from May 10 of the year in which the taxes first become

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due. **For purposes of IC 6-1.1-45, the due date is the date to which property taxes are deferred under IC 6-1.1-45.** However, if any proceeding is instituted to enforce the lien within the ten (10) year period, the limitation is extended, if necessary, to permit the termination of the proceeding.

(c) The lien of the state inures to taxing units which impose the property taxes on which the lien is based, and the lien is superior to all other liens.

(d) A taxing unit described in subsection (c) may institute a civil suit against a person or an entity liable for delinquent property taxes. The taxing unit may, after obtaining a judgment, collect:

- (1) delinquent real property taxes;
- (2) penalties due to the delinquency; and
- (3) costs and expenses incurred in collecting the delinquent property tax, including reasonable attorney's fees and court costs approved by a court with jurisdiction."

Page 39, between lines 3 and 4, begin a new paragraph and insert:  
**"SECTION 27. IC 6-1.1-45 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]:**

#### **Chapter 45. Property Tax Deferral Program**

**Sec. 1. This chapter applies to the deferral of property taxes for a qualified resident who for the year containing the assessment date for which property taxes are imposed:**

- (1) qualifies for a deduction as described in section 5 of this chapter; or
- (2) is a qualified surviving spouse.

**Sec. 2. As used in this chapter, "base year" refers to the year determined under section 17(d), 18(d), 19(d), or 20(d) of this chapter.**

**Sec. 3. As used in this chapter, "minimum required payment" means the minimum amount that must be paid in a year to retain eligibility for the deferment of property taxes under this chapter, as determined under section 23 of this chapter.**

**Sec. 4. As used in this chapter, "property tax" refers to the amount of ad valorem property tax liability that would be first due and payable in a year on a qualified residence without any deferral of the taxes under this chapter. The term does not include the following:**

- (1) Special assessments chargeable against a qualified residence.
- (2) Fees or charges that are included by law on a tax

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statement issued under IC 6-1.1-22-8 for parcels that include a qualified residence.

**Sec. 5.** As used in this chapter, "qualified residence" means real property, or a mobile home or manufactured home that is not assessed as real property, that:

- (1) qualifies for a deduction under:
  - (A) IC 6-1.1-12-9; or
  - (B) IC 6-1.1-12-11; or
- (2) would qualify for a deduction referred to in subdivision (1) if the qualified resident filed an application for the deduction.

**Sec. 6.** As used in this chapter, "qualified resident" means an individual who owns real property or a mobile home or manufactured home that is not assessed as real property, or is buying the real property or mobile home or manufactured home under contract, that qualifies for a deduction under:

- (1) IC 6-1.1-12-9; or
- (2) IC 6-1.1-12-11;

and who continuously uses the property as the individual's principal place of residence after the individual initially qualifies as a qualified resident.

**Sec. 7.** As used in this chapter, "qualified surviving spouse" means an individual who:

- (1) is the surviving spouse of a qualified resident who was approved under this chapter to defer property taxes for the assessment date immediately preceding the individual's death, regardless of whether the deceased qualified resident elected to defer any property taxes;
- (2) on the date that the qualified resident died, had the individual's principal place of residence at the same residence as the deceased qualified resident;
- (3) continuously uses the residence as the surviving spouse's principal place of residence after the death of the qualified resident; and
- (4) has not remarried.

**Sec. 8.** As used in this chapter, "taxpayer" means an individual or entity that is liable for property taxes imposed for a year.

**Sec. 9.** Beginning with property taxes first due and payable in 2006, a qualified resident may, in conformity with this chapter, defer the due date for any part of the property tax liability imposed in a year that exceeds the minimum required payment.

**Sec. 10.** To qualify for the deferment of property taxes under this chapter, the taxpayer must do the following:

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(1) Apply for deferment of property taxes to the auditor of the county in which the affected qualified residence is located in the manner and on the forms prescribed by the department of local government finance.

(2) Apply for deferment of property taxes not later than the later of the following:

(A) The date when the first installment for property taxes being deferred are first due and payable.

(B) If the county auditor determines that the failure to file a timely application is the result of an inadvertent error, the date specified by the county auditor.

(3) Demonstrate that the qualified residence was the principal place of residence of at least one (1) qualified resident or qualified surviving spouse on the assessment date for which property taxes are being deferred.

(4) Demonstrate that the owners of the qualified residence meet any conditions established by rule adopted by the department of local government finance under IC 4-22-2 that are reasonably necessary to protect the government's interest in recovering taxes deferred under this chapter when the deferred taxes become due.

(5) Demonstrate that there are no delinquent property taxes of record for the qualified residence on the assessment date for which property taxes are being deferred.

**Sec. 11.** Upon receipt of an application under section 10 of this chapter, the county auditor shall:

(1) notify the county treasurer that the application has been received in the manner and form prescribed by the department of local government finance; and

(2) determine whether the qualified residence qualifies for deferment of property taxes.

**Sec. 12.** The county auditor shall notify:

(1) the taxpayer in writing;

(2) the county treasurer in the manner and form prescribed by the department of local government finance; and

(3) if the application is approved, the department of local government finance in the manner and form prescribed by the department of local government finance;

of the county auditor's determination concerning the application. The due date for property taxes that are the subject of a good faith application for deferment of property taxes is deferred under the date that the county auditor notifies the taxpayer of the county

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auditor's determination concerning the application.

**Sec. 13. (a)** A qualified residence that is approved under this chapter for the deferral of property taxes continues to be eligible for the deferment of property taxes in subsequent years without the refiling of an application under section 10 of this chapter as long as:

(1) the qualified residence continues to be the principal place of residence for a qualified resident identified in the application or the qualified surviving spouse of the qualified resident; and

(2) the minimum required payments for the qualified residence are made by the later of:

(A) the due date; or

(B) if the county auditor determines that a payment was not made for a reason authorized under rules adopted under IC 4-22-2 by the department of local government finance, the date set by the county auditor.

(b) A taxpayer for the qualified residence shall notify in the manner and form prescribed by the department of local government finance the auditor of the county in which the qualified residence is located of any change in ownership of the qualified residence regardless of whether the change affects the eligibility of the qualified residence for deferment under this chapter.

(c) If an event results in:

(1) deferred property taxes becoming due under this chapter; or

(2) ineligibility of the qualified residence for further deferment of property taxes;

a taxpayer for the qualified residence shall, within thirty (30) days after the event, notify the auditor of the county in which the qualified residence is located of the disqualifying event in the manner and form prescribed by the department of local government finance.

(d) The county auditor and county treasurer shall:

(1) allow the deferment of property taxes that would otherwise be first due and payable in a year for a qualified residence that has been approved for deferment under this chapter; and

(2) continue to defer the accumulated amount of unpaid property taxes and interest accruing on property taxes deferred from a preceding year;

unless the county auditor determines that the qualified residence

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is no longer eligible for deferment.

(e) The county auditor shall notify the:

- (1) taxpayer;
- (2) county treasurer; and
- (3) department of local government finance;

in the manner and form prescribed by the department of local government finance of the county auditor's determination concerning an event described in subsection (c).

Sec. 14. (a) A taxpayer for a qualified residence shall notify the county treasurer of the amount of property taxes that the taxpayer seeks to defer under this chapter in the manner and form prescribed by the department of local government finance.

(b) The department of local government finance shall provide procedures for notification under this section:

- (1) on an annual basis; or
- (2) on a continuing or multiyear basis;

at the election of the taxpayer. The department of local government finance shall allow a taxpayer to combine a notification of the amount to be deferred with an application filed under section 10 of this chapter. If the notice is combined with an application, the county auditor shall forward the notice to the county treasurer in the manner and form specified by the department of local government finance. The department of local government finance shall allow the taxpayer to designate what percentage of the amount to be deferred will be deferred in each installment due in that year.

(c) To apply to property taxes due in a year, a notice under this section that describes the amount to be deferred in that year must be filed not later than the following:

- (1) The date the first installment of the deferred taxes is due.
- (2) If the county treasurer determines that the failure to file a timely application is the result of an inadvertent error, the date specified by the county treasurer.

Sec. 15. The county treasurer shall allow the deferment in any particular year of not more than the lesser of the following:

- (1) The amount that the taxpayer requests be deferred.
- (2) The property tax liability exceeding the minimum required payment.

If the taxpayer designates the percentage of the deferment to apply to an installment date, the county treasurer shall apply the deferment as requested by the taxpayer. Otherwise the county treasurer shall apply the deferment in the manner prescribed by

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the department of local government finance.

**Sec. 16.** The county auditor shall calculate the initial year threshold amount for the base year of each qualified residence. In performing the calculation, the addition of a negative number shall be treated as reducing the sum.

**Sec. 17. (a)** This section applies to a qualified residence if the qualified residence:

- (1) was the principal place of residence of an individual that qualifies as a qualified resident on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; and
- (2) has continuously served as the principal place of residence of the qualified resident thereafter.

**(b)** Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP FOURTEEN of the following formula:

**STEP ONE:** Determine the result of:

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002.

**STEP TWO:** Determine the product of:

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002; multiplied by
- (B) one and twenty-five hundredths (1.25).

**STEP THREE:** Determine the lesser of the STEP ONE result or the STEP TWO result.

**STEP FOUR:** Determine the result of:

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.

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**STEP FIVE: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; multiplied by
- (B) one and one-tenth (1.1).

**STEP SIX: Determine the lesser of the STEP FOUR result or the STEP FIVE result.**

**STEP SEVEN: Determine the result of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

**STEP EIGHT: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; multiplied by
- (B) one and one-tenth (1.1).

**STEP NINE: Determine the lesser of the STEP SEVEN result or the STEP EIGHT result.**

**STEP TEN: Determine the result of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

**STEP ELEVEN: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by
- (B) one and one-tenth (1.1).

**STEP TWELVE: Determine the lesser of the STEP TEN result or the STEP ELEVEN result.**

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**STEP THIRTEEN: Determine the sum of the following:**

- (A) STEP THREE result.
- (B) STEP SIX result.
- (C) STEP NINE result.
- (D) STEP TWELVE result.

**STEP FOURTEEN: Determine the greater of the STEP THREE result or the STEP THIRTEEN result.**

(c) If on an assessment date after March 1, 2001, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

- (1) The result determined under subsection (b) without considering the effects of the improvement or the addition.
- (2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.

(d) The following is the base year for the qualified residence:

- (1) 2005, to the extent the qualified residence consists of real property.
- (2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

**Sec. 18. (a) This section applies to a qualified residence if the qualified residence:**

- (1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2001, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2002;
- (2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; and
- (3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP TWELVE of the following formula:

**STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the assessment date in March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.**

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**STEP TWO: Determine the result of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003.

**STEP THREE: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003; multiplied by
- (B) one and one-tenth (1.1).

**STEP FOUR: Determine the lesser of the STEP TWO result or the STEP THREE result.**

**STEP FIVE: Determine the result of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

**STEP SIX: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; multiplied by
- (B) one and one-tenth (1.1).

**STEP SEVEN: Determine the lesser of the STEP FIVE result or the STEP SIX result.**

**STEP EIGHT: Determine the result of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus
- (B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1),

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January 15, 2005.

**STEP NINE: Determine the product of:**

- (A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by
- (B) one and one-tenth (1.1).

**STEP TEN: Determine the lesser of the STEP EIGHT result or the STEP NINE result.**

**STEP ELEVEN: Determine the sum of the following:**

- (A) STEP FOUR result.
- (B) STEP SEVEN result.
- (C) STEP TEN result.

**STEP TWELVE: Determine the greater of the STEP ONE result or the STEP ELEVEN result.**

(c) If on an assessment date after March 1, 2002, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

- (1) The result determined under subsection (b) without considering the effects of the improvement or the addition.
- (2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.
- (d) The following is the base year for the qualified residence:
  - (1) 2005, to the extent the qualified residence consists of real property.
  - (2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

**Sec. 19. (a) This section applies to a qualified residence if the qualified residence:**

- (1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2002, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2003;
- (2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; and
- (3) has continuously served as the principal place of residence

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of the qualified resident thereafter.

(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP NINE of the following formula:

**STEP ONE:** Determine the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

**STEP TWO:** Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004.

**STEP THREE:** Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004; multiplied by

(B) one and one-tenth (1.1).

**STEP FOUR:** Determine the lesser of the STEP TWO result or the STEP THREE result.

**STEP FIVE:** Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

**STEP SIX:** Determine the product of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by

(B) one and one-tenth (1.1).

**STEP SEVEN:** Determine the lesser of the STEP FIVE result or the STEP SIX result.

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**STEP EIGHT: Determine the sum of the following:**

**(A) STEP FOUR result.**

**(B) STEP SEVEN result.**

**STEP NINE: Determine the greater of the STEP ONE result or the STEP EIGHT result.**

**(c) If on an assessment date after March 1, 2003, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:**

**(1) The result determined under subsection (b) without considering the effects of the improvement or the addition.**

**(2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.**

**(d) The following is the base year for the qualified residence:**

**(1) 2005, to the extent the qualified residence consists of real property.**

**(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).**

**Sec. 20. (a) This section applies to a qualified residence if the qualified residence:**

**(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2003, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2004;**

**(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; and**

**(3) has continuously served as the principal place of residence of the qualified resident thereafter.**

**(b) Subject to subsection (c), the initial year threshold amount for the base year for the qualified residence is the amount determined under STEP FIVE of the following formula:**

**STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.**

**STEP TWO: Determine the result of:**

**(A) the property tax liability for the qualified residence**

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that is imposed for the assessment date on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006; minus

(B) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005.

**STEP THREE: Determine the product of:**

(A) the property tax liability for the qualified residence that is imposed for the assessment date on March 1, 2004, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2005; multiplied by

(B) one and one-tenth (1.1).

**STEP FOUR: Determine the lesser of the STEP TWO result or the STEP THREE result.**

**STEP FIVE: Determine the greater of the STEP ONE result or the STEP FOUR result.**

(c) If on an assessment date after March 1, 2004, and before March 2, 2005, the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, the initial year threshold amount for the base year is the sum of the following:

(1) The result determined under subsection (b) without considering the effects of the improvement or the addition.

(2) The property tax liability attributable to the improvement or addition for the March 1, 2005, assessment date.

(d) The following is the base year for the qualified residence:

(1) 2005, to the extent the qualified residence consists of real property.

(2) 2006, to the extent that the qualified residence consists of a mobile home (as defined in IC 6-1.1-7-1).

**Sec. 21. (a) This section applies to a qualified residence if the qualified residence:**

(1) was not the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on March 1, 2005, or in the case of a mobile home (as defined in IC 6-1.1-7-1), January 15, 2006;

(2) was the principal place of residence, as determined under IC 6-1.1-20.9, of an individual that qualifies as a qualified resident on an assessment date after March 1, 2005, or in the

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case of a mobile home (as defined in IC 6-1.1-7-1), after January 15, 2006; and

(3) has continuously served as the principal place of residence of the qualified resident thereafter.

(b) The initial year threshold amount for the base year is the property tax liability imposed for the assessment date described in subsection (a)(2).

(c) The year containing the assessment date described in subsection (a)(2) is the base year.

Sec. 22. (a) For each year after the base year, the auditor of the county in which the qualified residence is located shall adjust the threshold amount under this section. In performing the calculation, the addition of a negative number shall be treated as reducing the sum.

(b) Subject to subsection (c) the threshold amount for a year is the amount determined under STEP SIX of the following formula:

STEP ONE: Determine the property tax liability for the qualified residence that is imposed for the last assessment date for which a threshold amount was calculated without considering any deferral made under this chapter.

STEP TWO: Determine the result of:

(A) the property tax liability for the qualified residence that is imposed for the assessment date immediately following the last assessment date for which a threshold amount was calculated without considering any deferral made under this chapter; minus

(B) the STEP ONE result.

STEP THREE: Determine the product of:

(A) the STEP ONE result; multiplied by

(B) one and one-tenth (1.1).

STEP FOUR: Determine the lesser of the STEP TWO result or the STEP THREE result.

STEP FIVE: Determine the sum of the threshold amount for the immediately preceding year and the STEP FOUR result.

STEP SIX: Determine the greater of the threshold amount for the immediately preceding year or the STEP FIVE result.

(c) If after the last assessment date for which a threshold amount was calculated the assessed value of the qualified residence is increased by an improvement to real property or an addition of real property, the property tax liability attributable to the improvement or addition shall be excluded from the calculations under subsection (b). In this case, a separate initial year threshold

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amount shall be calculated for the improvement or addition. On the assessment date on which the improvement or addition is first assessed to the qualified residence, the initial year threshold amount is the property tax liability increase attributable to the improvement or addition. For purposes of applying subsection (b) in subsequent years, the base year is the year containing the assessment date on which the improvement or addition is first assessed to the qualified residence. The threshold amount for the qualified residence is the sum of the calculations for the qualified residence determined without considering the improvements or additions and the calculations for each improvement or addition.

**Sec. 23. (a)** The county treasurer shall annually determine the following:

- (1) The minimum required payment for the most current assessment date.
- (2) The maximum amount of property tax liability that may be deferred for the assessment date.

**(b)** The minimum required payment is the lesser of the following:

- (1) The total tax liability due for the assessment date.
- (2) The threshold amount calculated for the assessment date.

**(c)** The amount that may be deferred for any particular assessment date is the greater of the following:

- (1) Zero dollars (\$0).
- (2) The result of the:
  - (A) property tax liability due for the assessment date; minus
  - (B) minimum required payment for the assessment date.

**(d)** The county treasurer shall notify the county auditor of the amount of the minimum required payment and the amount that may be deferred in a year.

**Sec. 24.** An amount of property taxes deferred in a particular year does not accrue interest until the fifth year after it would have otherwise have been due if it had not been deferred. Beginning in the fifth year on the installment date on which the property taxes would otherwise have been due, the amount deferred for that particular year accrues interest at the rate set under IC 6-8.1-10-1 for delinquent listed taxes. The due date for the payment of accrued interest is deferred until the earlier of the following:

- (1) The date the property taxes on which the interest accrues are due.
- (2) The date that a taxpayer pays the accrued deferred

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property taxes.

**Sec. 25.** The amount of any unpaid property taxes deferred in any particular year is not due until after the later of the following:

- (1) The date that all of the qualified residents named in the application for property tax deferral cease to qualify as qualified residents.
- (2) The date that no surviving spouse of a qualified resident named in an application for property tax deferral qualifies as a surviving spouse.

If ownership is transferred in exchange for anything of value, the unpaid property taxes and any accrued interest are due on the next business day after the transfer. Otherwise, the unpaid property taxes and accrued interest are due on the next regular installment date for the payment of property taxes.

**Sec. 26.** Any taxpayer for the qualified residence may appeal an adverse decision under section 12, 13, 15, or 25 of this chapter in the same manner that appeals may be taken under IC 6-1.1-15. Any taxpayer for the qualified residence may become a party to the appeal.

**Sec. 27. (a)** If deferred property taxes or accrued interest are not paid by the due date, the property taxes and interest shall be treated as delinquent property taxes under this article and as a delinquent tax liability under IC 6-8.1. The county auditor, in the manner prescribed by the department of local government finance, shall notify the department of local government finance of the delinquency not later than fifteen (15) days after the taxes become delinquent. The department of local government finance shall notify the department of state revenue of the delinquency.

**(b)** A county shall collect the delinquent liability in the manner that other delinquent property taxes are collected.

**Sec. 28.** The county auditor and the county treasurer shall separately account for:

- (1) property taxes that are subject to an application for deferral under this chapter; and
- (2) property taxes deferred under this chapter and interest imposed under this chapter.

**Sec. 29. (a)** Not later than the settlement date after property taxes are deferred under this chapter, the county treasurer shall send:

- (1) an electronic copy of a notice of the amount of property taxes deferred on each qualified residence and interest imposed on deferred property taxes since the immediately

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preceding settlement date to the department of local government finance; and

(2) if the qualified residence consists of real property, a written copy of the notice of property taxes deferred on the qualified residence since the immediately preceding settlement date to the county recorder.

(b) The notice must be sent in the form prescribed by the department of local government finance.

(c) The notice submitted to the county recorder must contain at least the following information:

(1) The name of each person liable for the deferred property taxes under IC 6-1.1-2-4.

(2) The control number assigned to the corresponding application for deferral.

(3) The index number assigned under IC 6-1.1-5-2 for the qualified residence or, if an index system is not used in the county, a description of the county, township, block, and parcel or lot in which the qualified residence is located.

(4) The amount of property taxes that were deferred and interest imposed on deferred property taxes on each qualified residence since the last settlement date.

(5) The part of the deferred property taxes that is attributable to property taxes imposed by the state.

(6) The total amount of all property taxes deferred and interest imposed on deferred property taxes on all qualified residences since the last settlement date.

**Sec. 30. When deferred property taxes or interest on deferred property taxes are paid, the county treasurer shall:**

(1) record the payment;

(2) notify the county auditor of the payment;

(3) if the payment is for real property, submit a written release of the lien for the amount of the payment to the county recorder for recording in the miscellaneous records of the county recorder; and

(4) notify the department of local government finance of the payment in the form prescribed by the department of local government finance.

**Sec. 31. The county recorder shall record a:**

(1) statement of the amount of property tax deferred and interest imposed on deferred property taxes;

(2) statement of payment of deferred property taxes and interest on deferred property taxes; and

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(3) notice of termination of a deferral;  
without charge, in the miscellaneous records of the county recorder.

**Sec. 32.** Subject to this chapter, the county treasurer shall distribute:

- (1) amounts collected from deferred property taxes; and
- (2) penalties and interest collected on deferred property taxes; to each taxing unit in the county in proportion to the property taxes levied by the taxing unit in the year of collection. The amount distributed under this section shall be treated as miscellaneous revenue.

**Sec. 33.** In making distributions under this chapter, the county treasurer may make a settlement of amounts owing to each other rather than making separate distributions.

**Sec. 34. (a)** Except:

- (1) as required by federal law or regulation;
- (2) in the case of a loan that is made, guaranteed, or insured by a federal government lending or insuring agency requiring the borrower to make payments to a lender with respect to an escrow or other type of account; or
- (3) in a case in which this section would impair the obligations of a borrower under an agreement executed before July 1, 2005;

a lender shall not require a borrower to maintain an escrow or other type of account with regard to taxes for which the borrower has elected to defer taxes under this chapter.

(b) For purposes of applying this section, an election to defer taxes in any year shall be treated as an election to defer a similar amount of taxes in later years except to the extent that the borrower notifies the lender of different terms.

(c) Any payments made by the borrower to the escrow or other type of account with regard to taxes, before the time of submission of the evidence of tax deferral, for any period, if not previously used in payment or partial payment of taxes, shall be refunded to the borrower within thirty (30) days after the payment is made."

Page 41, line 3, after "6-3.1-13-15" insert ", AS AMENDED BY P.L.4-2005, SECTION 71,".

Page 41, line 6, delete "board" and insert "corporation".

Page 41, line 7, delete "board" and insert "corporation".

Page 41, delete lines 14 through 15.

Page 41, line 16, delete "(4)" and insert "(3)".

Page 41, line 19, delete "(5)" and insert "(4)".

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Page 41, line 22, delete "(6)" and insert "(5)".

Page 41, line 23, delete "(7)" and insert "(6)".

Page 41, line 30, after "6-3.1-13-15.5" insert ", AS AMENDED BY P.L.4-2005, SECTION 72,".

Page 41, line 33, delete "board" and insert "corporation".

Page 41, line 34, delete "board" and insert "corporation".

Page 43, line 5, after "6-3.1-13-17" insert ", AS AMENDED BY P.L.4-2005, SECTION 74,".

Page 43, line 9, delete "board" and insert "corporation".

Page 43, line 20, after "assistance" insert "and incentives".

Page 43, line 20, delete "is" and insert "are".

Page 43, line 27, delete "board" and insert "corporation".

Page 43, line 30, delete "board" and insert "corporation".

Page 44, line 2, delete "shall" and insert "~~may, at the discretion of the corporation,~~".

Page 44, line 14, after "6-3.1-13-19" insert ", AS AMENDED BY P.L.4-2005, SECTION 76,".

Page 44, line 16, delete "board".

Page 44, line 17, reset in roman "corporation".

Page 44, line 36, delete "board".

Page 44, line 36, reset in roman "corporation".

Page 45, line 4, delete "board".

Page 45, line 4, reset in roman "corporation".

Page 45, line 8, delete "board".

Page 45, line 8, reset in roman "corporation".

Page 45, line 10, after "6-3.1-13-19.5" insert ", AS AMENDED BY P.L.4-2005, SECTION 77,".

Page 45, line 13, delete "board".

Page 45, line 13, reset in roman "corporation".

Page 45, line 29, delete "board:".

Page 45, line 29, reset in roman "corporation:".

Page 45, line 40, delete "board".

Page 45, line 40, reset in roman "corporation".

Page 46, line 7, delete "board".

Page 46, line 7, reset in roman "corporation".

Page 46, line 9, delete "board".

Page 46, line 9, reset in roman "corporation".

Page 47, line 20, after "6-3.1-26-18" insert ", AS AMENDED BY P.L.4-2005, SECTION 107,".

Page 47, line 22, delete "board".

Page 47, line 22, reset in roman "corporation".

Page 47, line 23, delete "board".

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Page 47, line 23, reset in roman "corporation".

Page 48, between lines 2 and 3, begin a new paragraph and insert:

"SECTION 1. IC 6-3.1-29 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2005 (RETROACTIVE)]:

**Chapter 29. State New Markets Tax Credit**

**Sec. 1.** As used in this chapter, "applicable percentage" means the following:

- (1) One percent (1%) for the first three (3) credit allowance dates.
- (2) Two percent (2%) for the remainder of the credit allowance dates.

**Sec. 2.** As used in this chapter, "certified equity investment" refers to a qualified equity investment certified under this chapter for a tax credit.

**Sec. 3.** As used in this chapter, "credit" refers to a state new markets tax credit granted under this chapter against state tax liability.

**Sec. 4.** As used in this chapter, "credit allowance date" means the following with respect to any certified equity investment:

- (1) The date on which the certified equity investment is initially made.
- (2) Each of the six (6) annual anniversary dates immediately following the date described in subdivision (1).

**Sec. 5.** As used in this chapter, "holder", with respect to a credit allowance date, refers to one (1) of the following:

- (1) The taxpayer or pass through entity that makes the original qualified equity investment, if the taxpayer or pass through entity owns the qualified equity investment on a credit allowance date.
- (2) A subsequent taxpayer or pass through entity that owns the qualified equity investment on a credit allowance date.

**Sec. 6.** As used in this chapter, "pass through entity" means a:

- (1) corporation that is exempt from the adjusted gross income tax under IC 6-3-2-2.8(2);
- (2) partnership;
- (3) trust;
- (4) limited liability company; or
- (5) limited liability partnership.

**Sec. 7.** As used in this chapter, "qualified equity investment" has the meaning set forth in Section 45D of the Internal Revenue Code.

**Sec. 8.** As used in this chapter, "qualified low-income

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community investments" has the meaning set forth in Section 45D of the Internal Revenue Code.

Sec. 9. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-3-1 through IC 6-3-7 (the adjusted gross income tax);
- (2) IC 27-1-18-2 (the insurance premiums tax); and
- (3) IC 6-5.5 (the financial institutions tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 10. As used in this chapter, "taxpayer" means an individual, a corporation, a partnership, or another entity that has any state tax liability.

Sec. 11. Subject to this chapter, a taxpayer that:

- (1) holds a certified equity investment on a credit allowance date; and
- (2) does not receive another credit under this article for the same certified equity investment;

is entitled to a state new markets tax credit in the taxable year in which the credit allowance date occurs against the taxpayer's state tax liability for the taxable year.

Sec. 12. The amount of the credit in a taxable year is equal to the amount determined under STEP THREE of the following formula:

**STEP ONE:** Determine the amount of the qualified equity investment that is:

- (A) held by the taxpayer on the credit allowance date in the taxable year; and
- (B) certified under this chapter as a certified equity investment.

**STEP TWO:** Multiply the STEP ONE amount by the applicable percentage for the credit allowance date.

**STEP THREE:** Multiply the STEP TWO amount by:

- (A) the tax credit adjustment factor approved by the department of tourism and community development established by P.L.224-2003 under this chapter; or
- (B) eighty-five hundredths (0.85), if clause (A) does not apply.

Sec. 13. (a) If:

- (1) a pass through entity does not have state income tax liability against which the tax credit provided by this chapter may be applied; and

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(2) the pass through entity would be eligible for a tax credit under this chapter if the pass through entity were a taxpayer; a shareholder, partner, or member of the pass through entity is entitled to a tax credit under this chapter.

(b) Subject to this chapter, the amount of the tax credit to which a shareholder, partner, or member of a pass through entity is entitled is equal to:

- (1) the tax credit determined for the pass through entity for the taxable year as if the pass through entity were a taxpayer with state tax liability in the amount of the tax credit; multiplied by
- (2) the percentage of the pass through entity's distributive income to which the shareholder, partner, or member is entitled.

Sec. 14. (a) If the amount of the tax credit provided under this chapter for a taxpayer in a taxable year exceeds the taxpayer's state tax liability for that taxable year, the taxpayer may carry the excess over to not more than three (3) subsequent taxable years. The amount of the tax credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the taxpayer to obtain a tax credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused tax credit.

Sec. 15. (a) To receive the tax credit for a qualified investment under this chapter, a taxpayer or a pass through entity must:

- (1) make a qualified equity investment; and
- (2) be certified by the department of tourism and community development to receive a tax credit for the qualified equity investment.

(b) The department of tourism and community development shall establish a program to certify qualified equity investments as eligible for a tax credit.

(c) The amount of tax credits allowed under this chapter may not exceed one million dollars (\$1,000,000) in a state fiscal year. Applicants for a tax credit that:

- (1) make a qualified equity investment;
- (2) are eligible to receive a federal tax credit under Section 45D of the Internal Revenue Code for the qualified equity investment; and
- (3) apply to the department of tourism and community development in the manner and on the form prescribed by the

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department of tourism and community development; shall be certified for a tax credit in the amount of each applicant's qualified equity investment in the order in which the applicants apply to the department of tourism and community development for tax credits until the maximum amount of tax credits allowed under this section for a state fiscal year has been allocated among qualifying applicants. However, the department of tourism and community development may provide a procedure for an applicant denied a tax credit solely as a result of the cap imposed by this subsection to be given priority in the award of a tax credit in a subsequent state fiscal year.

(d) The certification of a tax credit under this section applies only to credit allowance dates that occur after the certification is made.

(e) If the state new markets tax credits allocated to the taxpayer or pass through entity are disallowed or recaptured under this chapter, the department of tourism and community development may reallocate the unused tax credits to another qualified applicant in the order in which qualifying applications are filed with the department of tourism and community development.

Sec. 16. (a) A taxpayer or pass through entity that holds a certified equity investment may apply to the department of tourism and community development to establish the tax credit adjustment factor that applies to the taxpayer or pass through entity.

(b) The department of tourism and community development shall establish a program to approve tax credit adjustment factors under this section for qualifying applicants. The department of tourism and community development may provide a procedure for combining an application for a tax credit for a qualified investment under section 15 of this chapter with an application for a tax credit adjustment factor under this section.

(c) If the applicant applies for the tax credit adjustment factor in the manner and on the form prescribed by the department of tourism and community development, the department of tourism and community development shall approve a tax credit adjustment factor for the applicant that is equal to the percentage of the aggregate gross assets of the entity in which the certified equity investment was made that the department of tourism and community development determines are invested by the entity in qualified low-income community investments.

(d) An approval granted under this section applies to the taxable years specified by the department of tourism and community

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**Sec. 17.** To receive the tax credit under this chapter, a taxpayer must claim the credit on the taxpayer's annual state tax return or returns in the manner prescribed by the department. A taxpayer claiming a credit under this chapter shall submit to the department a copy of the certification letter issued by the department of tourism and community development under section 15 of this chapter and any state new markets tax credit adjustment approval letter provided under this chapter. The taxpayer shall submit to the department the information that the department determines is necessary for the department to determine whether the taxpayer is eligible for the tax credit.

**Sec. 18. (a)** The holder of a certified equity investment shall notify the department and the department of tourism and community development if the federal tax credit granted for the certified equity investment under Section 45D of the Internal Revenue Code is disallowed or otherwise recaptured under Section 45D of the Internal Revenue Code.

**(b)** If the federal tax credit is disallowed or otherwise recaptured, the department or the department of tourism and community development may:

- (1) disallow the use of a part of the unused tax credits;
- (2) recapture a part of the tax credit that has been applied to the state tax liability of a taxpayer; or
- (3) both disallow under subdivision (1) and recapture under subdivision (2).

The percentage of the tax credit that may be disallowed and recaptured under this subsection is equal to the percentage of the total federal credit that is disallowed or otherwise recaptured under Section 45D of the Internal Revenue Code.

**Sec. 19.** The department or the department of tourism and community development, or both, may adopt under IC 4-22-2 any rules that may be necessary to carry out the purposes of this chapter, including rules to facilitate the transfer of credits earned under this chapter."

Page 54, line 15, after "the" insert "**Indiana**".

Page 54, line 15, delete "for a" and insert "**corporation**".

Page 54, line 16, delete "growing economy board".

Page 65, delete lines 19 through 20.

Page 65, line 21, delete "THE FOLLOWING ARE REPEALED [EFFECTIVE".

Page 65, line 22, delete "JULY 1, 2005]: IC 5-3-1-3;".

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Page 65, line 22, delete "." and insert "IS REPEALED [EFFECTIVE JULY 1, 2005].".

Page 65, between lines 22 and 23, begin a new paragraph and insert:  
"SECTION 51. THE FOLLOWING ARE REPEALED  
[EFFECTIVE JULY 1, 2005]: IC 4-10-21-3; IC 4-10-21-4.

SECTION 52. [EFFECTIVE JUNE 15, 2005] (a) **IC 4-10-18-1, as amended by this act, applies to deposits in the counter-cyclical revenue and economic stabilization fund made after June 14, 2005.**

(b) **IC 4-10-18-4, IC 4-10-18-5, and IC 4-10-18-9, all as amended by this act, apply only to distributions from the counter-cyclical revenue and economic stabilization fund after June 30, 2005.**

Page 66, between lines 17 and 18, begin a new paragraph and insert:  
"SECTION 54. [EFFECTIVE JANUARY 1, 2005  
(RETROACTIVE)]: **The definitions in IC 6-3.1-29, as added by this act, apply throughout this SECTION. IC 6-3.1-29, as added by this act, applies only to:**

- (1) **qualified equity investments made; and**
  - (2) **taxable years beginning;**
- after December 31, 2004."**

Page 67, between lines 17 and 18, begin a new paragraph and insert:  
"SECTION 55. [EFFECTIVE UPON PASSAGE] **IC 6-1.1-18-11, as amended by this act, applies to property taxes first due and payable after December 31, 2005.**

SECTION 56. [EFFECTIVE UPON PASSAGE] (a) **For purposes of this SECTION:**

- (1) **"civil taxing unit" has the meaning set forth in IC 6-1.1-18.5-1; and**
- (2) **"maximum levy" refers to the maximum permissible ad valorem property tax levy determined under IC 6-1.1-18.5-3.**

(b) **Notwithstanding IC 6-1.1-18.5, a civil taxing unit may adopt a resolution or an ordinance to determine the civil taxing unit's maximum levy for property taxes first due and payable in 2006 under this SECTION. The fiscal officer of a civil taxing unit adopting a resolution or an ordinance under this SECTION shall immediately send a certified copy of the resolution or ordinance to the department of local government finance.**

(c) **For property taxes first due and payable in 2006, the maximum levy of a civil taxing unit that adopts a resolution or an ordinance under this SECTION is the maximum levy for the unit for taxes first due and payable in 2005 in the amount that would have been determined under IC 6-1.1-18.5 if the amendments to IC 6-1.1-18.5 in P.L.1-2004 did not apply for taxes first due and**

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payable in 2004 and 2005.

(d) This SECTION expires January 1, 2007.

SECTION 57. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-1, as amended by this act, applies to property taxes first due and payable after December 31, 2006."

Page 67, line 28, delete "that meets either of".

Page 67, line 29, delete "the following conditions".

Page 67, line 31, delete "2005:" and insert "2005 if".

Page 67, line 32, delete "(1) The" and insert "the".

Page 67, run in lines 31 through 32.

Page 67, delete lines 36 through 42.

Page 68, delete lines 1 through 2.

SECTION 53. [EFFECTIVE JUNE 15, 2005] IC 4-10-18-8, as amended by this act, applies to state fiscal years ending after June 30, 2005."

Page 68, delete lines 3 through 5, begin a new paragraph and insert:

"SECTION 57. [EFFECTIVE UPON PASSAGE] (a) Notwithstanding IC 6-1.1-20.6-2, as added by this act, a county may adopt an ordinance under this SECTION to apply the credit authorized by IC 6-1.1-20.6, as added by this act, to property taxes first due and payable in 2004 or 2005.

(b) If a county has not issued property tax statements under IC 6-1.1-22-8 to the persons liable for property taxes in the county for property taxes first due and payable in 2004, the county fiscal body may adopt an ordinance to apply the credit under IC 6-1.1-20.6, as added by this act, to the property taxes first due and payable in 2004. A county fiscal body may not adopt an ordinance under this subsection after statements are issued under IC 6-1.1-22-8 for the property taxes first due and payable in 2004.

(c) If a county has not issued property tax statements under IC 6-1.1-22-8 to the persons liable for property taxes in the county for property taxes first due and payable in 2005, the county fiscal body may adopt an ordinance to apply the credit under IC 6-1.1-20.6, as added by this act, to the property taxes first due and payable in 2005. A county fiscal body may not adopt an ordinance under this subsection after statements are issued under IC 6-1.1-22-8 for the property taxes first due and payable in 2005.

(d) Notwithstanding any provision in IC 6-1.1-20.6, as added by this act, IC 6-1.1-20.6 applies to a credit authorized by an ordinance passed under this SECTION.

(e) Except as provided in subsections (b) and (c), IC 6-1.1-20.6, as added by this act, applies to property taxes first due and payable

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after December 31, 2005.

(f) This SECTION expires January 1, 2006."

Page 70, between lines 15 and 16, begin a new paragraph and insert:

"SECTION 68. [EFFECTIVE UPON PASSAGE] (a) The definitions in IC 6-1.1-1 apply throughout this SECTION.

(b) IC 6-1.1-45, as added by this act, applies only to ad valorem property taxes first due and payable for assessment dates after February 28, 2005.

SECTION 69. [EFFECTIVE UPON PASSAGE] IC 6-1.1-18.5-17 and IC 6-1.1-19-1.7, both as amended by this act, apply only to property taxes paid after December 31, 2005."

Renumber all SECTIONS consecutively.

and when so amended that said bill do pass.

(Reference is to SB 496 as reprinted February 23, 2005.)

ESPICH, Chair

Committee Vote: yeas 17, nays 1.

#### HOUSE MOTION

Mr. Speaker: I move that Engrossed Senate Bill 496 be amended to read as follows:

Page 92, delete line 7 and insert "**Indiana economic development corporation established by IC 5-28-3-1**".

Page 92, line 8, delete "established by P.L.224-2003 under this chapter".

Page 92, line 42, delete "department of tourism and community" and insert "**Indiana economic development corporation**".

Page 93, line 1, delete "development".

Page 93, line 3, delete "department of tourism and community development" and insert "**Indiana economic development corporation**".

Page 93, line 13, delete "department of tourism and community" and insert "**Indiana economic development corporation**".

Page 93, line 14, delete "development".

Page 93, line 15, delete "department of tourism and community development" and insert "**Indiana economic development corporation**".

Page 93, line 18, delete "department of tourism and community development" and insert "**Indiana economic development**".

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**corporation".**

Page 93, line 21, delete "department of tourism and" and insert **"Indiana economic development corporation".**

Page 93, line 22, delete "community development".

Page 93, line 31, delete "department of tourism and community development" and insert **"Indiana economic development corporation".**

Page 93, line 34, delete "department of tourism and community development." and insert **"Indiana economic development corporation."**

Page 93, line 36, delete "department of tourism" and insert **"Indiana economic development corporation".**

Page 93, line 37, delete "and community development".

Page 93, line 39, delete "department of tourism and community development" and insert **"Indiana economic development corporation".**

Page 93, line 41, delete "department of" and insert **"Indiana economic development corporation".**

Page 93, line 42, delete "tourism and community development".

Page 94, line 5, delete "department of " and insert **"Indiana economic development corporation,".**

Page 94, line 6, delete "tourism and community development,".

Page 94, line 6, delete "department of tourism" and insert **"Indiana economic development corporation".**

Page 94, line 7, delete "and community development".

Page 94, line 10, delete "department of tourism and" and insert **"Indiana economic development corporation".**

Page 94, line 11, delete "community development".

Page 94, line 14, delete "department of tourism and community" and insert **"Indiana economic development corporation."**

Page 94, delete line 15.

Page 94, line 20, delete "department of" and insert **"Indiana economic development corporation".**

Page 94, line 21, delete "tourism and community development".

Page 94, line 28, delete "department of tourism and" and insert **"Indiana economic development corporation".**

Page 94, line 29, delete "community development".

Page 94, line 34, delete "department of tourism and" and insert **"Indiana economic development corporation".**

Page 94, line 35, delete "community development".

Page 95, line 3, delete "department of tourism and" and insert **"Indiana economic development corporation,".**

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Page 95, line 4, delete "community development,".

(Reference is to ESB 496 as printed April 1, 2005.)

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